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THE

DE BEER'S MINING Co.,

(LIMITED).

CAPITAL - - - - - £665,550,

IN £10 SHARES FULLY PAID UP.

ANNUAL REPORT, MAY, 1883.

CHAIRMAN:
CECIL J. RHODES, Esq.

DIRECTORS:

Mr. W. ALDERSON,
„ H. W. H. DUNSMURE,
„ ROBT. ENGLISH,
Mr. R. D. GRAHAM,
„ C. D. RUDD,
„ F. S. P. STOW.

MANAGER:
Mr. ROBERT ENGLISH.

SECRETARY:
NEVILLE E. PICKERING.

Head Office: De Beer's, Kimberley, Griqualand West.

KIMBERLEY:
JNO. E. RADFORD, MACHINE PRINTER AND PUBLISHER.

1883.

THE DE BEER'S MINING Co.,

(LIMITED).

Report of the Directors of the De Beer's Mining Company, Limited, at the Annual General Meeting of Shareholders, held at the Company's Offices, De Beer's, on the 7th May, 1883.

GENTLEMEN,—

Your Directors beg to submit their Report on the affairs of the Company, with a Statement of Accounts for the year ending 31st March, 1883, showing a nett profit of £5,654 8s. 7d., after distributing £37,714 10s. in the payment of Dividends, and after expending on New Machinery £7,108 2s. 5d., and an amount of £19,467 9s. 7d. for the removal of Floating Reef.

FLOATING REEF.

During the year there have been removed 143,369 16 cubic feet Loads of Floating Reef (130,370 by this Company, and 12,999 by neighbourhing Claimholders), at a cost of £19,467 9s. 7d., by which your Directors consider that 8½ Claims have been freed from shale, giving at the present time 52 productive Claims, and a balance of 32½ Claims still to be cleared, which shows an increase of £6,500 per claim cleared, according to the last Mining Board Assessment.

After careful consideration your D rectors have decided to write off to Profit & Loss Account the whole of the past year's expenditure, as well as the sum of £12,041 0s. 10d. which appeared as an asset in last year's Statement.

MACHINERY.

The expenditure on New Machinery in the year has been £7,108 2s. 5d., including the Hauling Gear sanctioned by the Shareholders at the last Annual Meeting, and upon Maintenance of Machinery £7,991 11s. 1d. On turning to the Account it will be seen that the whole of the Maintenance has been written off to Profit & Loss, and that £3,108 2s. 5d., equal to about 10 per cent. has been written off Permanent Machinery for wear and tear. The whole of the Machinery, Property, and Plant of the Company has been carefully re-valued, and a Statement of the same will be found in the Schedule appended to this Report, amounting to £28,000, which is carried forward to the debit of the account. The Shareholders' resolution at the last Annnal Meeting that £1,000 be expended Monthly on Machinery and Plant from 1st October last, though not strictly adhered to, owing to the heavy fall in Diamonds commencing from that month, has been practically carried out under the head of Machinery, both Permanent and Maintenance.

PUMPING CONTRACT.

The working of this contract has been carried on to the satisfaction of all parties.

DIAMONDS.

It is a matter of regret that the very severe fall in the Diamond Market during the last six months of the year has prevented your Director's anticipations as to the yield per load being realised, but the Company's improved position will be apparent by comparison of this with last year's results, as it will be seen that during the year to 31st March, 1882, 96,439 Loads Ground washed yielded 76,859 carats Diamonds, realising £104,552 8s. 8d., whilst during the past year 166,436 loads washed yielded 149,396 carats, realising £158,675 4s. 3d., showing nearly twice the output and an improved quality of ground in the better average weight per load. The following is a summary of work done during the year :—

Blue Ground on Floors 1st April, 1882	3,000	16 cubic ft. Loads.	
Do. deposited Do. to 31st March, 1883	179,785	,,	,,
	182,785	,,	,,
Blue Ground washed 1st April, 1882, to 31st March, 1883, 180,582 Floors Loads estimated at ... (Discount of 8 per cent. being allowed for difference)	166,136	,,	
Leaving a Balance on Floors of	16,649	,,	,,

representing a cost, including rates, of about 5s. per load, or £4,000 ; which, however, with the cost of spreading Lumps as given below, your Directors have not considered right to include in the Balance Sheet although a distinct asset of the Company.

The Ground Washed produced 149,396 carats Diamonds, realising £158,675 4s. 3d., giving in spite of a fall of about 40 per cent. in the Diamond Market, an average yield of 19s. 1¼d. per load. The above weight includes 22,766 carats Fine Sand, (17,032 carats found by the Company, and 5,724 carats found on percentage). Besides the Balance of Blue Ground as above, the Company has 25,000 Loads Lumps spread out on its Floors, representing a cost of £1,250, which are producing an average of two-fifths of a carat per load, showing that the ground, after allowing a perentage for black reef and high ground, has averaged for the year at least a carat per load.

The cost of production, including Rates, Maintenance, and wear and tear of Machinery, has been 11s. 9½d. per load, leaving a profit of 7s. 3¾d. per load. The following tables are given for your information:—

BLUE GROUND.			FLOATING REEF.			WASHING.		RESULTS.		AVERAGE PRICE.	
Gears.	No. of actual Working Days.	No. of Loads Hauled.	Gears.	No. of actual Working Days.	No. of Loads Hauled.	No. of actual Working Days.	No. of Loads Washed.	Diamonds in Carats.	Proceeds.	Average per Load.	Average per Carat.
No			No						£ s. d.		
1	137	42,225	1	143	49,539						
2	157	63,943	2	81	36,819						
3	187	55,482	3	108	36,654						
4	53	18,135	4	124	7,190						
			5	4	168						
4	312	179,785	5	287	130,370	305	166,136	149,396	158675 4 3	19/1¼	21/3

MONTH.	No. of actual Working Days.	Diamonds Found in Carats.	PROCEEDS. £ s. d.	Average per Carat.
1882.				
April	24	8,332	15,352 12 6	29/8
May	26	9,604	12,541 14 6	24/
June	26	8,751	12,075 0 0	27/6
July	24	10,286	12,488 8 6	24/3
August	26	13,217	16,574 19 0	25/
September	26	12,152½	16,146 18 0	26/7
Total	152	62,342½	£85,179 12 6	27/4

MONTH.	No. of actual Working Days.	Diamonds Found in Carats.	PROCEEDS. £ s. d.	Average per Carat.
1882.				
October	26	14,467	15,252 6 0	21/1
November	25	14,718½	13,910 12 6	18/11
December	25	14,488	12,305 19 6	17/
1883.				
January	26	15,459	12,999 5 9	16/9
February	24	13,198	8,531 13 4	12/11
March	27	14,722¾	13,495 14 8	18/4
Total	153	87,053¼	£76,495 11 9	17/8

SEARCHING SYSTEM.

The adoption of this System has caused a marked improvement in the Company's finds. During the month of February before the men were searched, the Company's finds were in the Claims, 658¼ cts.; and on the Floors, 1,108¾ carats; whereas during the month of March, when the System had been put in force, they were in the Claims, 1,234 carats; and on the Floors, 1,530¾ carats; making a total increase in the latter month of 998¼ carats.

LEGAL.

Your Directors have to report that, with regard to an action instituted by this Company in June, 1881, against the Victoria Diamond Mining Company for damages sustained by reason of the flooding of this Company's claims, judgment has been obtained against the defendant Company for £990, with costs of suit, against which decision, however, an appeal has been noted.

DIVIDENDS.

During the year, as shown in the Statement, £37,714 10s. has been paid in Dividends, of which the sum of £7,071 13s 4d. was devoted to pay a liability of the Original De Beer's Mining Company,—(before the amalgamation in March, 1881, with the firm of Stow, English, & Compton)—to the Cape of Good Hope Bank for monies advanced; this amount being equal to 1⅔ per cent. on £424,300, the amount allotted in shares in the Amalgamated Company to the original Shareholders.

There is still a similar liability to the extent of about £1,200 due to the London & South African Diamond Mining Company, and others, against which there is an asset belonging to holders of original shares in the old Company of 2,700 £10 shares, fully paid up, in the London & South African Diamond Mining Company, their present value being about £1,500; and also Scrip in the International Diamond Mining Company, to the extent of £63,527 11s. 6d., which, however, your Directors consider of little value.

INDIRECT LIABILITIES.

It must be apparent that any Statement of a Company's position should include the financial position of its Mining Board, especially as this Company's interest in the Mine (De Beer's) represents about one-third of its assessed value. The De Beer's Mining Board is not only free from liability, but has a surplus of about £7,000, as will be seen from the subjoined Statement:—

De Beer's Mine, 30th April, 1883

ASSETS.			
Arrear Rates	13,099 0 0		
Balance in Bank	3,313 7 3		
		£16,412 7 3	
LIABILITIES.			
Bills Payable	6,076 3 8		
E. Jones, Reef, say	520 0 0		
Companies' Reef...	577 5 0		
Graham & Haarhoff, say	600 0 0		
Salaries...	177 0 0		
		7,950 8 8	
		£8,461 18 7	

I consider the Arrear Rates as good, and allowing £1,000 to Victoria Company for Reef, there will still be a Balance to the good of, say, Seven Thousand Pounds.

(*Signed*) J. C. H. BOURHILL, Treasurer,
De Beer's Mining Board.

28th April, 1880.

DE BEER'S MINE—MONTHLY RATES.

Section.	Assessment.	Number of Claims.	General Rate.	Reef Rate.
A I.	£557,736 11 2	85 & 676 5-6 sq. ft.	£464 15 7	£1,161 19 0
A II.	427,123 5 3	67 & 192 73-112 „	355 18 9	1,334 15 2
B.	364,125 0 0	142 & 720 ¾ „	303 8 9	379 5 11
C.	408,000 0 0	111 & 640 ⅔ „	340 0 0	425 0 0
D.	225,500 0 0	187 „	187 18 4	
Total.	£1,982,484 16 5	594 & 308 101-112 „	£1,652 1 5	£3,301 0 1

De Beer's, 5th May, 1883. (*Signed*) J. H. W. RAUSCH, Mining Overseer.

The above shows that the Rates levied monthly on the Mine amount to £4,953 1s. 6d., of which this Company contributes £1,615 19s. 10d.

FUTURE WORKING.

Your Directors have just completed a contract with Messrs. James & Co. for an output of 700 Loads Blue Ground per diem to 31st December, 1883. The average output of the Company during the past year has been 576 Loads per diem. Owing to the larger area of workable ground this increased output will now be obtained, and your Directors feel confident that, with Diamonds even at their present low rates, fair Dividends may be expected. Your Directors have also arranged with the above Contractors for a daily output of 500 loads of Floating Reef, at a total cost of One Shilling and Ninepence per load.

In conclusion, your Directors beg to refer you to the Statement of Accounts herewith.

C. J. RHODES, Chairman.

C. D. RUDD,
FRED. S. P. STOW,
ROBT. ENGLISH,
H. W. H. DUNSMURE,
} Directors.

Kimberley, 31st March, 1883.

THE DE BEER'S MINING CO., LIMITED.

BALANCE SHEET, 31st MARCH, 1883.

Dr.	LIABILITIES.				ASSETS.				Cr.
To Capital Account—					By Claim Account—				
	65,555 Shares of £10 each, fully paid	£665,550	0	0	For 84 and 701 square feet claims, valued at	£645,550	0	0	
,,	Bills payable	5,683	14	11	,, * Machinery Account—				
,,	Cash due to Manager	315	2	3	For Machinery, Property and Plant, valued at	28,000	0	0	
,,	Unclaimed Dividends	104	6	8	,, Sundry Debtors	351	7	4	
,,	London Account—				,, Diamonds shipped to London—				
	Drafts against diamonds shipped	5,000	0	0	6,926 carats, valued at	6,951	1	2	
,,	Sundry Creditors	635	6	11	,, Diamond Suspense Account—				
,,	Balance of Profit and Loss	5,654	8	7	For 853¾ carats diamonds on hand, since sold for	738	12	6	
					,, Cape of Good Hope Bank—				
					For Cash Balance in hand	1,351	18	4	
		£682,942	19	4		£682,942	19	4	

* Old Account ... £24,000 0 0
New Account ... 7,108 2 5
£31,108 2 5
Less Depreciation ... 3,108 2 5
£28,000 0 0 as per schedule.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of The De Beer's Mining Company (Limited, and that the above Statement is true and correct.

C. J. RHODES, Chairman.
N. E. PICKERING, Secretary.

W. H. CRAVEN,
DAV. FRASER,
} Auditors.

Kimberley, March 31, 1883.

PROFIT AND LOSS ACCOUNT.

From 1st April, 1882, to 31st March, 1883.

Dr.				Cr.		
To Dividend Account—				By Balance from last year	£14,298	12 6
5⅔ per cent. paid during year ..	£37,714	10	0	„ Diamond Account—		
„ Floating Reef Account—				For proceeds of Sale of 149,396 carats Diamonds	158,675	4 3
Balance of this acct., 1st April, 1882 .. £12,041 0 10				„ Pumping Contract—		
Amount expended from April 1, '82, to March 31, '83 19,467 9 7				For amount received from De Beer's Mining Board for pumping in Mine	10,800	0 0
	31,508	10	5			
„ Fuel Account ...	8,857	12	10			
„ Interest Account ...	803	17	6			
„ Machinery Account—						
Maintenance ... 7,991 11 1						
Permanent, say 10 per cent off £31,108 2 5						
For depreciation ... 3,108 2 5						
	11,099	13	6			
„ Produce Account...	4,371	10	6			
„ Rates and Licences	19,346	15	8			
„ Working Expenses	64,416	17	9			
„ Balance of Profit	5,654	8	7			
	£183,773	16	9		£183,773	16 9

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of The De Beer's Mining Company (Limited), and that the above statement is true and correct.

W. H. CRAVEN, }
DAV. FRASER, } Auditors.

C. J. RHODES, Chairman.
N. E. PICKERING, Secretary.

Kimberley, March 31, 1883.

SUPPLEMENTARY REPORT.

Your Directors are pleased to report that the result of the Company's work since the above Statement shows at the present time, after payment of Working Expenses:—

Cash on hand	£	589 10	3
Diamonds on hand, 8,448 carats, say		8,448 0	0
Balance due for Diamonds shipped to London ...		1,450 0	0
Total	£	10,487 10	3

C. J. RHODES, Chairman.

C. D. RUDD,
FRED S. P. STOW,
ROBT. ENGLISH,
W. H. DUNSMURE, } Directors.

Kimberley, 7th May, 1883.

THE DE BEER'S MINING COMPANY, LIMITED.

LIST OF MACHINERY, PROPERTY, AND PLANT, 31st March, 1883.

1 Compound of 4 Stands in Warren-street with offices, Store, Workshops, Stables, an ' 4 Kafir Houses	£2,000	0	0			
1 Compound of 6 Stands with Stables, in Warren-st.	1,750	0	0			
1 House in Warren-street	40	0	0			
1 Kafir Compound in De Beer's Terrace	750	0	0			
1 House and Stand in De Beer's Road	300	0	0			
1 ,, ,, Belgravia...	200	0	0			
1 Magazine Do.	60	0	0			
				5,100	0	0

HAULING MACHINERY—No. 1.

1 Iron Engine House. 1 10 h.p. Robey Winding Engine, with carriages, tubs, jumpers, hauling and standing wires, complete. 1 24ft. standard and Box				1,600	0	0

HAULING MACHINERY—No. 2.

1 Iron Engine House. 1 16 h.p. direct acting Engine, with carriages, tubs, jumpers, hauling and standing wires, complete. 1 24ft. standard and box...				1,900	0	0

HAULING MACHINERY—No. 3.

1 Iron Engine House. 1 10 h.p. Robey Winding Engine, with carriages, tubs, jumpers, hauling and standing wires, complete. 1 25ft standard and box...				1,400	0	0

HAULING MACHINERY—No. 4.

1 Iron Engine House, 30 x 24ft. 1 25 h.p. Hornsby Winding Engine, with tubs, jumpers, hauling and standing wires, complete. 1 25ft. standard and box...				3,500	0	0

PUMPING MACHINERY.

1 10 h.p. Tangye Engine	150	0	0			
1 Pair geared double acting Pumps	1,100	0	0			
1 12 h.p. Boiler, with donkey	340	0	0			
1,400ft. 4in. Piping	280	0	0			
500ft. 3in. ,, ...	87	10	0			
400ft. 3½in. ,, ...	75	0	0			
700ft. 2in. ,, ...	52	10	0			
Miscellaneous Tools	20	0	0			
				2,105	0	0

WASHING MACHINERY—No. 1.

1 Iron Engine House	65	0	0			
1 8 h.p. "Paxman" Engine and Boiler	350	0	0			
1 14ft. Washing Machine, with cylinder, elevator and gear, complete	600	0	0			
1 Sorting Room, table and sundries	16	0	0			
630 ft. Steel Rails	94	10	0			
6 20ft. Trucks	108	0	0			
1 400 gallon Tank	14	0	0			
1 8 h.p. Engine and Boiler	100	0	0			
1 Treble-barrel Tangye Pump	110	0	0			
80ft. of 2in. Piping	6	0	0			
				1,463	10	0

LIST OF MACHINERY, PROPERTY, &c., *(Continued)*.

WASHING MACHINERY—No. 2.

1 Iron House	50 0 0		
1 6 h.p. Wallis & Stevens' Engine and Boiler ...	300 0 0		
1 14ft. Washing Machine, complete	650 0 0		
1 Sorting Room, table and sundries	10 0 0		
4 20ft. Trucks	72 0 0		
1 16ft. „	15 0 0		
720ft. Steel Rails	108 0 0		
2 6,000 gallon Iron Tanks	250 0 0		
1 400 „ „	20 0 0		
1 4 h.p. Tangye Pump and Boiler	250 0 0		
1 3-throw Pump	75 0 0		
160ft. of 2in. Piping	12 0 0		
		1,812	0 0

EMBANKMENT.

12,382ft. Steel Rails, with Points and Crossings ...	2,000 0 0		
34 20ft. Trucks	612 0 0		
8 16ft. „	120 0 0		
18 20ft. „ (Wallis & Stevens)	180 0 0		
3 Depositing Boxes	800 0 0		
1 4 h.p. Wallis & Stevens' Engine	100 0 0		
1 3-throw Pump	200 0 0		
200ft. of 1¾in. Piping	13 6 8		
2 6,000 gallon Iron Tanks	250 0 0		
2 1,100 „ „	50 0 0		
1 800 „ „	22 10 0		
		4,347	16 8

LIVE STOCK.

53 Horses	1,060 0 0		
9 Mules	90 0 0		
		1,150	0 0

CARTS AND HARNESS.

17 Double Carts	340 0 0		
10 Single „	150 0 0		
18 Sets Double Harness	81 0 0		
10 Sets Single „	25 0 0		
13 Sets Truck „	19 10 0		
2 Riding Saddles and Bridles	7 0 0		
		622	10 0

CLAIMS.

4,000ft. of Steel Rails	600 0 0		
6 20ft. Trucks	108 0 0		
26 16ft. „	390 0 0		
106 Picks	37 2 0		
78 Shovels	23 8 0		
5 Steel Crowbars	7 10 0		
18 Steel Jumpers	35 0 0		
11 Scraping Spoons	5 0 0		
10 Steel Hammers	4 0 0		
4 Tipping Flat Sheets	10 0 0		
		1,220	0 0

STORE.

1 Full set Fluted Rhymers, from 1¼ to 1½in., & wrenches	15 0 0		
1 Cameron's Patent Pump	25 0 0		
1 case 1 gross Pick Handles	10 0 0		
1 case 1 gross Shovels	34 10 0		
12 cases Lard Oil	42 12 0		
1 bale Cotton Waste	13 2 6		
4 25ft. lengths Suction Hose	40 0 0		
1 Hydraulic Jack	5 0 0		
1 „ Punch	5 0 0		
35 pairs 18in. Carriage Wheels	105 0 0		
1 Horizontal 20 h.p. Engine	497 13 1		
Pipe Fittings, Rivets, Bolts, and Miscellaneous articles	150 0 0		
		1,942	17 7

LIST OF MACHINERY, PROPERTY, &c., *(Continued)*.

WORKSHOPS.

1 Drilling Machine, complete, with spare fittings ...	250	0	0		
1 Saw Bench and 7 Circular Saws	50	0	0		
1 Mealie Crusher	7	10	0		
1 Chaff Cutter	10	0	0		
1 10in. Lathe	50	0	0		
1 Screwing Machine, complete	30	0	0		
59 Bars assorted Iron	30	0	0		
2 Anvils	10	0	0		
1 pair Bellows	10	10	0		
2 Sledge Hammers	1	10	0		
6 Hand „	0	15	0		
1 Table Vice	4	0	0		
3 Stable Vices	3	0	0		
1 Grindstone...	4	0	0		
1 Avery's Weighing Machine	14	0	0		
Shop Fittings and sundries	250	0	0		
				725	5	0

GOODS TO ARRIVE.

2 coils 1¾in. Hauling Wire 1 coil 2in. „				200	0	0
				£28,088	19	3
Less allowance...				88	19	3
				£28,000	0	0

ROBT. ENGLISH, Manager.

Kimberley, March 31, 1883.

Printed by Jno. E. Radford, "Diamond Fields' Advertiser" Office, Kimberley.

MINUTES

OF THE

ANNUAL GENERAL MEETING OF SHAREHOLDERS

OF

THE DE BEER'S MINING COMPANY, LIMITED,

HELD AT THE COMPANY'S OFFICES, DE BEER'S,

ON MONDAY, the 7th MAY, 1883.

C. J. RHODES, Esq., in the Chair.

Present:—Messrs. Feltham, Gordon, Lockhart, Rowe, Tom Rhodes, Wrigley, Alport, Thomas Rudd, Hall, Niekerk, Stow, English, Compton, Hull, Runchman, C. D. Rudd, Ball, McGregor, Hoskyns, and Dunsmure.

Mr. Lockhart further representing Messrs. Francis Freeman, F. J. Walker, Major-General D. B. Lockhart, and Colonel Alfred Templeman.

Mr. C. E. Nind representing Mrs. J. W. Rudd, and General W. C. E. Napier.

Mr. C. R. Gardner representing Mr. W. G. Baker.

The SECRETARY read the notice calling the Meeting, and the Minutes of the last General Meeting, which were confirmed.

The CHAIRMAN read the Directors' Report for the year, with the Statement of Accounts, and a Supplementary Report to date.

Resolved that the Report be adopted.

Mr. HOSKYNS proposed that a Committee of three Shareholders be appointed to enquire into the working expenses of this Company, and for that purpose to compare the working expenses of other Companies in De Beer's Mine, and, if necessary, to call for tenders; the Committee to report to an adjourned meeting.—Seconded by Mr. FELTHAM, and carried unanimously.

Resolved that the Committee consist of Messrs. Feltham, Hull, and English; and that ten guineas be paid to each of them for their services.

Mr. STOW proposed that the amalgamation of Mr. James Calvert's 2¼ Claims with this Company's Claims is, in the opinion of this Meeting, desirable, and that the same be left in the hands of the Directors.—Seconded by Mr. GARDNER, and carried.

Resolved that the re-adjustment of Boundaries provisionally arranged by the Directors with the Central, Oriental, and Schwab's Gully Companies be sanctioned.

Resolved that the following gentlemen be appointed Directors for the current year:—Messrs. Rudd, Stow, Alderson, English, Rhodes, Dunsmure, Graham, Rowe, and Compton.

Resolved that a Dividend of one per cent. be declared.

Resolved that the Report and Statement be printed and published.

Mr. Gordon proposed a cordial vote of thanks to the Chairman and Directors, and to the Managing Directors for their services in the past year, and for declining the remuneration of £900 voted to them at the last Annual Meeting; and proposed also that £300 be distributed amongst the Managing Directors and the Secretary for their services.—Seconded by Mr. Hoskyns and carried.

Resolved that this Meeting stand adjourned until Tuesday, 15th inst.

Adjourned General Meeting of Shareholders of the De Beer's Mining Company, Limited, held at the Company's Office, 15th May, 1883.

C. J. Rhodes, Esq., in the Chair.

Present:—Messrs. Alderson, Alport, Compton, Dunsmure, English, Feltham, Gordon, Hall, Hoskyns, Hull, Lockhart, Nind, Tom Rhodes, Rowe, Rudd, Runchman, and Stow.

Mr. Gardner representing Mr. W. G. Baker.

The Chairman read the Report of the Committee appointed to enquire into the working expenses of this Company, and to compare the same with those of other Companies in the De Beer's Mine as follows:—

REPORT of the Committee appointed to inquire into the working expenses of the De Beer's Mining Company, Limited, in terms of a resolution passed at a Meeting of the Shareholders, held at the Office of that Company, on Monday, 7th May, 1883.

1. Pursuant to the instructions contained in the resolution above quoted, your Committee have carefully analysed the Expenditure of the De Beer's Mining Company, and compared it with that of the Schwab's Gully and Baxter's Gully Companies, and as the former of these, whilst giving their expenses at a whole, do not distinguish between the cost of hauling and washing, your Committee have divided these items according to the estimate of that Company.

2. The proportion between washing and hauling is, respectively—

60·5	per cent.	hauling, and	39·5	per cent.	washing in De Beer's Co.
65·5	,,	,,	34·5	,,	,, Schwab's Gully Co.
56	,,	,,	44	,,	,, Baxter's Gully Co.

3. The actual Working Expenses are as under:

(*a.*) *De Beer's Mining Co.*—

Blue ground hauled per load of 16 cubic feet, including establishment charges and rates	£0	7	1¼
Blue ground washed (per similar load)	0	4	0¼
Total	£0	11	1½

N.B.—For the purpose of comparison with the other Companies, these expenses are reduced by the following items which occur only in the De Beer's Mining Co., viz :—

£ 600	expended in	tunnelling.
1,330	„	rates on ground not worked.
142	„	licenses for preceding quarter paid this quarter.
£2,072	= 11½d.	per load, leaving the cost of

hauling	£0	6	1¾.	
washing	0	4	0¼.	
Total	£0	10	2	per load of 16 cubic feet.

(*b.*) *Schwab's Gully Co.*—

The actual Working Expenses of this Company are stated to be 7s. 2⅓d. per load, which they estimate should be divided thus:

Hauling (including rates ...	£0	4	9	per load of 16 cubic feet.
Washing	0	2	5½	„ „
Total ...	£0	7	2½	

N.B.—This Company has hauled 8,000 loads of Main Reef, the cost of which is included in the General Working Expenses, and cannot be precisely stated: your Committee, accordingly, allow the Mining Board rate for this item, viz.—£940.

Taking the quantity of work done by this Company and the amount actually expended, it amounts for the purposes of your Committee, to 7s. 10½d. per load, or 8d. in excess of the above statement which has been divided pro ratâ between the two operations, viz.—5d. for hauling, and 3d. for washing, making the figures for comparison as under -—

Hauling	£0	5	2	per load.
Washing	0	2	8½	„
	£0	7	10½	

(*b.*) *Baxter's Gully Co.*—

The actual Working Expenses of this Company are stated to be as under :—

Hauling (including rates)	£0	3	10	per load.
Washing	0	3	0	„
Total...	£0	6	10	

4. Your Committee proceeded to tabulate these figures, adding thereto the respective yields per load, the profit per load, and the percentage of working expenses to the yield. This table will be found at the end of this report, and it will be seen by a reference thereto.

(*a.*)	That the *cost of hauling* by this Co. exceeds that of the Schwab's Gully Co.	19	per cent.
	And that of the Baxter's Gully Co.	60	„
(*b.*)	That the *cost of washing* by this Co. exceeds that of the Schwab's Gully Co.	50	„
	And that of the Baxter's Gully Co.	33	„
(*c.*)	The *total cost* of both operations exceeds that of the Schwab's Gully Co. ...	31	„
	And that of the Baxter's Gully Co.	50	(nearly)
(*d.*)	On the other hand it will be found that the *comparative yield* per load of this Company's ground exceeds that of the Schwab's Gully Co. ...	21	per cent.
	And that of Baxter's Gully Co.	13	„

5. Your Committee is aware that the generally received opinion among practical men is that the ground in Schwab's and Baxter's Gully Companies is at least as rich as, if not richer than, that of this Co., but the figures last above-mentioned shew either that that opinion must be abandoned as erroneous, or that the "load" of this Co. is larger than that of the others.

6. It has also to be noted, as modifying to some extent the cost of washing by this Co., that 17½ per cent. of the ground washed consisted of lumps, which were returned to the floor for pulverization, at a cost of 1s. per load, and in due time carted to the washing machine a second time.

7. Your Committee have not called for tenders considering that, owing to the Whitsun Holidays there would not be sufficient time to obtain them for the purpose of this report, but they are of opinion that tenders should be called for, and dealt with by the Board at their discretion, on the facts disclosed herein.

8. Your Committee desire to state, in conclusion, their labours have been rendered far easier by the courteous attention they have received at the hands of the Secretary of the Co., and the promptitude with which he supplied all the information at his disposal, and they have also to express their obligations to the Executives of the Schwab's Gully and Baxter's Gully Companies for similar courtesy received at their hands.

H. I. FELTHAM,
G. H. HULL,
ROBT. ENGLISH,
} Members of the Committee.

Name of Company.	Working Expenses.			Yield per load.		Profit per load.	Percentage of working expenses to yield.
	Hauling.	Washing.	Total.	Weight in cts. per cent.	Value at 16s. per carat.		
	s. d.	s. d.	s. d.		s. d.	s. d.	
De Beer's M. Co.	6 1¾	4 0¼	10 2	1·04	16 8	6 6	61 per cent.
Schwab's Gully Co.	5 2	2 8½	7 10½	·827	13 3	5 4½	59·5 ,,
Baxter's Gully Co.	3 10	3 0	6 10	·92	14 9	7 11	46·3 ,,

H. I. FELTHAM,
G. H. HULL
ROBT. ENGLISH,
} Members of the Committee.

Mr. RUDD proposed that the Report of the Committee be printed with the Annual Report of the Company and circulated amongst the Shareholders.—Seconded by Mr. RUNCHMAN, and carried.

Resolved that Fifty Guineas be given to the Auditors for their past years' services, and that Messrs. Craven and Fraser be re-elected for the current year.

THE

DE BEER'S MINING CO.,

LIMITED.

CAPITAL - - - - - £755,120

IN £10 SHARES FULLY PAID UP.

FOURTH ANNUAL REPORT, MAY, 1884.

CHAIRMAN.

CHARLES DUNELL RUDD, Esq., M.L.A.

DIRECTORS.

Hon. C. J. RHODES, Treas.-General,	Mr. R. D. GRAHAM.
Mr. FRED. S. P. STOW,	„ G. W. COMPTON,
„ ROBT. ENGLISH,	„ JOHN MORROGH.

MANAGER.

Mr. ROBERT ENGLISH.

SECRETARY.

Mr. NEVILLE E. PICKERING.

Head Office: De Beer's, Kimberley, Griqualand West.

KIMBERLEY:

C. H. HARTLEY AND SON, PRINTERS AND BOOKBINDERS.

1884.

REPORT OF THE DIRECTORS

OF

The De Beer's Mining Company, Limited.,

At the Annual General Meeting of Shareholders held at the Company's Offices, De Beer's, on Monday, 5th May, 1884.

TO THE SHAREHOLDERS.

GENTLEMEN,—

Your Directors beg to submit their Report on the affairs of the Company, with a Statement of Accounts, for the year ending 31st March, 1884, showing a balance, together with the amount brought forward from last year, of £46,481 17s. 4d.

The actual expenditure on Blue Ground and Pumping Contract has been £105,527 19s., and the revenue from the same sources £209,225 18s. 9d., to which you must add the actual cost of depositing the Blue Ground and Lumps now on the Company's floors, amounting to £12,280 1s. 6d., leaving a gross profit, including sundry other receipts, of £117,426 13s. 4d., which has been appropriated in the following manner, viz.:

Payment of Dividends	£52,148	10	0
Removal of Floating Reef...	17,187	10	9
Purchase of Good-will of Central Co. Lease ...	1,250	0	0
Written off Machinery, Property & Plant Accounts	6,013	3	10
	£76,599	4	7
And carrying forward for the year a nett profit of	40,827	8	9
	£117,426	13	4

The amount of work done during the year, as will be seen from the tables annexed, bears a favourable comparison with that of previous years, and the general results show not only a better average yield per load but also a marked decrease in the cost of production.

Soon after the Annual Meeting held in May, 1883, the washing operations were discontinued, with the exception of dealing with the accumulation of cylinder screenings (lumps) from the previous six months, as it was found that the exceedingly hard Blue met with in the Mine would not pulverize rapidly enough to allow of its being washed during the winter months. It was therefore distributed on the floors, the quantity at one time reaching nearly 80,000 loads, and it will be observed that the balance of Blue Ground now figures at 63,029 sixteen cubic feet loads, as against 16,649 loads this time last year.

With a view to more economical working in the Mine, the contract system (as stated in the last Report) has received your Directors' special attention, and though at first, owing to the many difficulties that had to be contended with, notably the necessary introduction of the stripping system among the natives during the cold weather, the visitation of an epidemic disease, and the strike of workmen last October no very large increase in the output was obtained, still your Directors congratulate themselves that the system is now being carried on successfully and the ground laid down on the depositing floors at a much lower price than heretofore. Further economy is also looked for in the floor tramways at present in course of construction, and the question of how far the contract system can be introduced on the floors is at present engaging your Directors' consideration.

FLOATING REEF.

As will be seen from the tables, the amount of Floating Reef hauled has considerably exceeded that of the previous year, though at a lower cost.

Much of that removed has been taken from the high and dangerous portion of the Main Block, still a proportionate increment of clear ground has been obtained, and prospecting drives show that few if any of the Company's claims will be encumbered with Floating Reef at the present working level.

After careful calculation your Directors estimate that the total future expenditure for the removal of Floating Reef will not exceed the sum of £25,000.

The amount expended during the past year has been written off to Profit and Loss Account.

MACHINERY.

The expenditure on New Machinery and Plant for the year has been £7,013 3s. 10d., including the construction of a second permanent tramway from the mine to the floors, and also of a Patent Blue Crushing Machine. The whole of the machinery, property and plant of the Company, together with that taken over with the De Beer's Central Company and valued at £6,000, as referred to in this Report under the head of "Amalgamation," has been most carefully maintained, besides which 15 per cent. has been written off for depreciation, and a re-valuation this year is considered unnecessary.

PUMPING CONTRACT.

The Pumping Contract has been carried on satisfactorily during the year, but on the 29th March, 1884, the contract was abandoned, the Company then undertaking to remove the water from the mine at a lower rate, but reserving to themselves the entire use of such water and stipulating for freedom from all liability.

DIVIDENDS.

After the resumption of washing operations in September, 1883, the monthly dividend of one per cent. was commenced, which has been maintained hitherto and will, your Directors anticipate, be continued until October, 1884, after which they recommend a quarterly division of profits.

LEGAL.

With regard to the action between this Company and the Victoria Diamond Mining Company mentioned in the last year's Report your Directors have to state that the judgment of the High Court was, on appeal, confirmed with costs against the Victoria Company.

MINING BOARD.

The De Beer's Mining Board still remains in a satisfactory position financially, having a balance on hand of £11,469 13s. 10d. after payment of all liabilities, as will be gathered from the following:—

ASSETS.

Balance in Bank on 31st March, 1884	£5,324	3	6	
Oustanding Rates on 31st March, 1884	6,992	9	0	
				£12,316 12 6

LIABILITIES.

Sundries at 31st March, 1884	846 18 8
	£11,469 13 10

(Signed) J. C. H. Bourhill, Treasurer.

INVESTMENTS.

It will be observed on reference to the accounts that the extreme depression on the Diamond Fields has been taken advantage of by your Directors under the powers given them by the amendments to the Company's Trust Deed on the 30th July last, and that the following valuable properties have been acquired: 29 claims and 163 square feet of the International Diamond Mining Company; 12 claims and 8 square feet of the Frere Diamond Mining Company, together with their machinery and all other assets on terms detailed in the Balance Sheet. Added to this your Directors have also purchased the following shares in adjoining companies for a total cost to the Company of £9,751 5s: 10,791 shares of £10 each fully paid-up of the London and South African Diamond Mining Company (Limited), and 1,708 shares of £10 each fully paid-up of the Independent Diamond Mining Company (Limited).

AMALGAMATION.

In terms of the resolution carried at the last Annual Meeting, Mr. James Calvert's 2¼ claims in the De Beer's Mine were taken into the Company, and the capital increased to the extent of £13,570, for which 1,357 deferred shares of £10 each were issued; 300 of these were given to Mr. Calvert's principal in exchange for the above claims, and the balance of 1,057 distributed amongst the shareholders. Negociations were entered into in May of last year with the De Beer's Central Diamond Mining Company, consisting of 10 claims and 50 square feet, and a definite offer was made them on the 5th June, resulting in their absorption by this Company for the amount of £76,000 in fully paid-up scrip and a cash payment of £1,250 to buy out an existing lessee of the Company.

Negociations were also entered into in November, 1883, with the Directors of the Baxter's Gully Diamond Mining Company, whose present capital is £82,500, terminating in the absorption of that Company in March, 1884, upon terms agreed to by the shareholders of this Company at a Special Meeting convened for that purpose, and which are now being carried out. In the meantime an amount of £1,000 has been set aside to provide for the payment of a dividend to shareholders of the Baxter's Gully Company for the month of March, 1884.

In addition to the above your Directors may mention that at the present moment negociations are pending between this Company and the Independent and London and South African Diamond Mining Companies which there is every reason to believe will result in amalgamation with those companies.

GENERAL POLICY.

Profiting by their own experience and that of the Kimberley Mine, your Directors have realised more and more daily the absolute necessity for doing all in their power to promote amalgamation, and thus provide for the future working of the Mine in an organised manner, and this policy has influenced all their actions; and although these have been characterised by some as coercive your Directors are convinced that they have only acted in the general interests of the Mine, besides which fair and, in some instances, liberal offers for amalgamation have been made by them to adjoining companies.

Your Directors are further of opinion that the diamond mining industry can only be carried on successfully under proper and effective searching rules and regulations, and that the future prospects of this Company to some extent depend upon the enforcement of these and of the extension of the provisions of the Diamond Trade Act to the Colony and the neighbouring States.

With regard to the working of the Main Reef, your Directors have to report that they are opposed to the present system of removing the same, and that immediately an organised plan for underground working be decided upon the expense connected therewith will be minimised. While on this subject it may be well to add that during the year some inconsiderable falls have taken place, the largest of which occurred last February. This is now being removed.

They have also to refer shareholders to the provisions of the Precious Stones and Minerals Act of 1883, passed since the last Annual Meeting, which are calculated to promote the interests of the mining community generally.

In conclusion you Directors beg to refer you to the Statement of Accounts herewith.

C. D. RUDD, M.L.A., Chairman.

FRED. S. P. STOW,
R. DUNDAS GRAHAM,
ROBERT ENGLISH,
G. W. COMPTON,
JOHN MORROGH,
} Directors.

Kimberley, 31st March, 1884.

Month.	No. of actual working days.	Blue Ground.		Floating Reef.			Main Reef.	Stones.	Ground hauled for other companies.	Debris.
		No. of 16 cubic feet loads hauled.	No. of loads of 16 cub. ft. hauled ex Frere claims.	No. of 16 cubic feet loads hauled.	No. of 16 cub. ft. loads hauled ex Frere claims	No. of 16 cub. ft. loads hauled by other Companies.	No. of 16 cubic feet loads hauled.	No. of 16 cubic feet loads hauled.	No. of 16 cubic feet loads hauled.	No. of 16 cub. ft. loads hauled ex International claims.
1883.										
April ...	25	11,914		5,648						
May ...	27	15,941		9,610				764		
June ...	26	13,208½		10,491½				349		
July ...	26	14,240¾		10,053½		155½				
August...	27	16,114¾		12,466½						
Sept ...	25	22,041¾		1,590½	1,081¼	145½			1,403	
October...	24	19,130¼		4,952¼	2,306½					
Nov ...	26	13,682¼		23,184¼	2,008½					
December	25	15,109¾		22,920		1,072				
1884.										
January...	25	19,708½	1,321¼	18,361½		2,145				3,770
February.	25	19,625½	4,637	24,095½	1,828¾	1,725				5,493
March ...	26	13,400½	8,182	20,963¾	1,918¼		11,246⅛			4,632
Total ...	307	194,117½	14,140¼	*164,337	9,143¼	5,243	11,246⅛	1,113	1,403	13,895

* This includes a quantity hauled on account of the Australian Gully Company, which is now being measured.

Month.	No. of actual working days.	No. of Floor Loads Blue Ground Washsd.	Diamonds found in Carats.			Total amount of Diamonds found in Carats.	Proceeds.	Average price.	
			Daily Finds.	Fine Sand.	On per-centage.			Per carat.	Per 16 cub. ft. load.
1883.									
April ...	25	12,022	9,285	1,900	1,206¼	12,391¼	£11,253 4 9	18/2	
May ...	27	10,031	9,608	3,205	812	13,625	12,129 15 10	17/10	
June ...	26	9,100	7,209	2,020	869½	10,098½	9,408 8 0	18/8	
July ...	26	*Nil.	5,382	800	642½	6,824½	8,261 11 3	24/3	
August...	27	*1,228	5,510	892½	565	6,967½	8,606 18 3	24/8	
Sept. ...	25	*13,300	10,694	1,104¼	319	12,117¼	14,056 6 6	23/2	
October...	24	*14,018	13,788	1,282	171½	15,241½	20,067 9 6	26/6	
Nov. ...	26	*16,185	16,393½	1,627		18,020½	21,815 18 2	24/2	
December	25	23,066	15,922	1,848½	504	18,274½	18,073 12 0	19/9	
1884.									
January ..	25	25,396	17,436¼	2,052	824	20,312¼	23,796 12 6	23/5	
February.	25	29,300	16,566¾	1,526		18,092¾	21,878 9 9	24/2	
March ...	26	35,120	22,257¼	1,735	1,288½	25,280¾	28,920 15 3	22/11	
Total ...	307	†188,766	150,051¾	19,992¼	7,202¼	177,246¼	£198,268 12 9	22/5	22/10

* During these months 23,877 loads lumps or cylinder screenings were washed, producing 9,114½ carats diamonds.

† Off this quantity a discount of 8 per cent. must be allowed for difference between a floor load and a 16 cubic feet load, thus:—

Number of loads as above	...	188,766
Less discount of 8 per cent.	...	15,100
		173,666 16 cubic feet loads.

N.B.—It will be observed that during the first three months of the year the average yield was a little over a carat and a quarter per 16 cubic feet load, the result of washing only blue ground from the deep claims of the Company. From July to November lumps and high ground were mixed with the good blue. Allowing, however, for the diamonds found from the lumps, the average yield per load for that period was just over a carat and one-fifth. While from December, 1883, to March, 1884, a very large proportion of the ground washed consisted of poor blue knocked down from the surrounding high claims of the Company, reducing the yield for the last four months of the year to ·789 carats.

Blue ground on floors 1st April, 1883		16,649	16 cubic feet loads.
Blue ground deposited on floors 1st April, 1883, to 31st March, 1884		208,258	,, ,,
Blue ground on floors taken over from Baxter's Gully D. M. Co. as per their books, 1st March, 1884 ..		11,788	,, ,,
		236,695	,, ,,
Blue ground washed 1st April, 1883, to 31st March, 1884...	167,308 16 c. ft. loads		
Blue ground washed by Baxter's Gully D. M Co. in March, 1884	6,358 ,,		
		173,666	,, ,,
Leaving a balance on Floors 1st April, 1884 of ...		63,029	,, ,,

BALANCE SHEET, 31st MARCH, 1884.

Dr. LIABILITIES.				ASSETS.			*Cr.*
To Capital Account—				By Claim Account—			
74,155 shares of £10 each fully paid-up		£741,550	0 0	97 claims and 470½ square feet		£729,120	0 0
,, Capital Account (deferred) 1,357 shares of £10 each fully paid up, dividends deferred to May 7, 1885		13,570	0 0	,, *Machinery Account— Machinery, property and plant of the Company ...		35,000	0 0
,, Bills Payable		5,109	13 4	,, One-third interest Patent Blue Crushing Machine...		150	0 0
,, Cape of Good Hope Bank— Purchase of 12 claims and 8 square feet in De Beer's Mine, with machinery, property and plant, payable in monthly instalments of £500 beginning from 1st October, 1883, interest calculated at 8 per cent. per annum for ... £13,176 15 6 less amnt. paid off 3,000 0 0		10,176	15 6	,, Office Furniture		145	0 0
				,, Coal Stock Account— For 1,278 Bags coal (English steam) on hand ...		1,707	16 1
				,, Frere Claims and Property Account—12 claims and 8 square feet in De Beer's Mine, with machinery, property and plant, lately the property of the Frere Diamond Mining Co, purchased from the Cape of Good Hope Bank ...		15,858	9 0
,, Standard Bank of S. Africa Balance of purchase price of International claims, with machinery, property and plant, payable in monthly instalments of £500, beginning from 4th April, 1884, interest 8 per cent. per annum ...		9,000	0 0	,, International Claims, &c., Account—29 claims and 163 square feet in De Beer's Mine, with machinery, property and plant, lately the property of the International D. M. Co., purchased at auction ..		18,974	14 3
,, Unclaimed Dividends Acnt. Dividends unclaimed ... £366 12 0 Dividend declared 31st March, payable on 1st April, 1884 7,415 10 0		7,782	2 0	,, Investment Account— For 10,791 shares of £10 each fully paid-up of the London and South African Diamond Mining Co., Ltd, £5,132 3s 1d, for 1,708 shares of £1 0 each fully paid-up, of the Independent Diamond Mining Company, Limited, £4,619 1s. 11d. (purchased in terms of the Company's Trust Deed).		9,751	5 0
,, Baxter's Gully Suspense Acnt. Dividend due to shareholders of Baxter's Gully D.M.Co. at March 31, '84		1,000	0 0	,, Sundry Debtors		1,101	11 6
,, London Account— Draft against diamonds shipped to Lodon ...£4,250 0 0 Less Balance of Account 12 16 1		4,237	3 11	,, Diamonds shipped to Loudon—3,286¼ cts diamonds shipped, and valued at ...		4,612	2 3
				,, Diamond Suspense Account 2,753 carats on hand, and since sold for		3,340	0 0
,, Cash due to Manager— Balance of Wages ...		154	4 3	,, Blue Ground on Floors— 16,649 16 cubic feet loads blue ground on floors 1st April, 1883, 46,380 16 cubic feet loads added to stock 1st April, 1883, to 31st March, 1884, making a total on floors of 63,029 16 cubic feet loads, estimated at cost price ...		11,030	1 6
,, Sundry Creditors ...		3,441	1 7				
,, Balance of Profit and Loss Account		46,481	17 4	,, Lumps on Floors—25,000 16 cubic feet load of cylinder screenings and lumps on floors at 31st March, 1884, costing		1,250	0 0
				,, Cape of Good Hope Bank— Cash Balance in hand ... ... £1,679 16 4 Dividend Acnt. 7,782 2 0 Dividend Suspense Account 1,000 0 0		10,461	18 4
		£842,502	17 11			£842,502	17 11

* Old Account £28,000 0 0
Central Company 6,000 0 0
New Account 7,013 3 10

41,013 3 10
Less depreciation 6,013 3 10

£35,00 0 0

Kimberley, 31st March, 1884.

C. D. RUDD, M.L.A., Chairman.
N. E. PICKERING, Secretary.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company, Limited, and that the above statement is true and correca.

W. J. FELTHAM, }
W. H. CRAVEN, } Auditors.

Profit and Loss Account from April 1, 1883, to March 31, 1884.

Dr.				*Cr.*			
To Advertising & Stationery		£451	0 3	By Balance from last year ...	£5,654	8	7
,, Fuel Account		6,724	13 11	,, Diamond Suspense Account		7	6
,, General Expenses—				,, Diamond Account—			
Charges & Sundries	£1,430 12 5			Proceeds of sale 177,246¼ carats diamonds ...	198,268	12	9
Contractors ...	18,249 4 0			,, Judgment in action Ourselves vs. Victoria D.M.Co	990	0	0
Directors' and Auditors' Fees, Bonuses, &c. ...	505 16 0			,, Law Expenses—			
Salaries ...	4,020 10 0			Sundry costs in above, refunded	451	19	7
Wages & Pumping Contract ...	37,216 7 4			,, Proceeds of sale of 3,146 loads Lumps	157	6	0
Water Account	2,012 4 2			,, Pumping Contract—			
		63,434	13 11	Amount received from De Beer's Mining Board for Pumping in Mine ...	10,800	0	0
,, Interest Account... ...		173	18 11	,, Rent Account	6	5	0
,, Machinery, Property and Plant—say 15 per cent off £41,013 3s. 10d. for depreciation		6,013	3 10	,, Blue Ground on Floors—			
,, Main Reef Account ...		204	1 2	For 63,029 16 cubic feet loads Blue Ground on the Floors 31st March, 1884	11,030	1	6
,, Maintenance of Machinery		5,985	15 11	,, Lumps on Floors—			
,, Office Furniture		23	17 3	For 25,000 16 cubic feet loads Blue Ground on Floors 31st March, 1884	1,250	0	0
,, Produce & Stables Account		5,434	19 11				
,, Prospecting Account ...		1,007	13 0				
,, Rates and Licenses ...		17,570	15 1				
,, Searching System ...		1,013	14 10				
,, Workshops		3,522	14 10				
,, Dividend Account—7 per cent. paid during year ...		52,148	10 0				
,, Floating Reef Account ...		17,187	10 9				
,, Good-will of Central Company Lease		1,250	0 0				
,, Balance of Profit		46,481	17 4				
		£228,609	0 11		£228,609	0	11

C. D. RUDD, Chairman.
N. E. PICKERING, Secretary.

Kimberley, 31st March, 1884.

We certify that we have examined the books, compared the vouchers, and checked the balances of the De Beer's Mining Company (Limited), and that the above Statement is true and correct.

H. J. FELTHAM,
W. H. CRAVEN, } Auditors.

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

OF

The De Beer's Mining Company Ltd.,

HELD AT THE OFFICE, DE BEER'S.

On MONDAY, the 5th day of MAY, 1884,

At 4 O'Clock in the Afternoon.

PRESENT:—Messrs. M. Kennedy, A. F. C. Alport, John Murray, W. M. Smith, P. Sim. G. H. Hull, T. J. Bowles, M. S. Runchman, Leigh Hoskyns, C. E. Nind, W. H, Craven, R. D. Graham, F. S. P. Stow, Robert English, John Morrogh, G. W. Compton, S. Allkins, T. J. Ball, S. van Niekerk.

Mr. Stow further representing Messrs. Walter Bolus, Harry Bolus, H. M. P. Stow, E. P. Stow, R. F. P. Stow, H. A. Turvey, Misses L. H. Stow, S. E. Stow, and C. L. Stow.

Mr. Ball further representing Messrs. C. D. Rudd, C. J. Rhodes, and Mrs. J. P. Ball.

Mr. Runchman further representing Messrs. James Doré and J. W. Doré.

Mr. Nind further representing Major-Generals Lockhart and Napier, Messrs. A. G. Stuart, H. W. H. Dunsmure, F. J. Walker, Francis Freeman, A. F. M. Lockhart, J. H. Nelson, and Mrs. J. W. Rudd.

It was resolved that Mr. Stow take the chair.

The Secretary read the notice calling the meeting, and also the Minutes of the last Annual Meeting, which were confirmed.

The Secretary then read the Director's Report and Statement of Affairs for the year ending 31st March, 1884.

Mr. Ball proposed that the Report be adopted.—Seconded by Mr. Smith and carried unanimously.

Mr. Sim proposed that the Retiring Directors be re-elected, viz.:—Messrs. Charles Dunell Rudd, Cecil John Rhodes, Treasurer-General, Frederic Samuel Philipson Stow, Robert Dundas Graham, Robert English, George William Compton, and John Morrogh. —Seconded by Mr. Hull and carried unanimously.

Mr. G. H. Hull proposed that Messrs. W. H. Craven and H. J. Feltham be appointed Auditors to the Company for the ensuing year.—Seconded by Mr. Nind and carried unanimously.

Resolved that the Auditors for the past year receive a fee of One Hundred Guineas.

Resolved that a bonus of £100 be given to the Pumping Engineer Mr. Thomas Andrews, for his services during the year.

Mr. Hoskyns proposed a vote of thanks to the Directors, and a special vote of thanks to Messrs. C. J. Rhodes, Treasurer-General, C. D. Rudd, R. English, and the Chairman, for their valuable services in the direction of the Company's affairs; and he further proposed that the sum of £400 be given to them as a remuneration.—Seconded by Mr. Runchman and carried unanimously.

FRED. S. P. STOW, Chairman.

ANNUAL GENERAL MEETING OF THE DE BEER'S MINING COMPANY.

Reported by the "Daily Independent," May 7th, 1884.

The Fourth Annual General Meeting of the De Beer's Mining Company for the year ending March 31, 1884, was held on Monday afternoon at the offices of the Company, De Beer's There were present Mr F S P Stow (in the chair), and Messrs Kennedy, Allport, Murray, Sim, W M Smith, Bowles (proxy), Runchman, Hull, L H Hoskyns, C E Nind, Craven, R D Graham, R English, Morrogh, Compton, T J Ball, and Niekerk. Also a large number of shareholders were represented by proxy.

The Chairman, after the reading and confirmation of the minutes of previous meetings, said: In submitting to you the fourth annual report of this company, it would be as well to touch upon the events of the past year. It has been an eventful year for this company, and I trust you will agree with me if I make bold to say that it has also been a very successful year. I think we are now entering upon a fresh epoch in the diamond mining industry. Your directors have had many difficulties to contend with during the past 12 months, but I trust we have successfully overcome them. At the last annual meeting there was a proposition before the Board for the amalgamation of the 2¼ claims of Mr Rhodes, when your directors were given power to complete this amalgamation and issue shares for the claims: the proprietor to receive 300 shares and the balance of the shares to be held in hand by the directors in trust. After this arrangement was completed the Board thought it advisable, in view of further purchases and amalgamations, to issue these shares. The shares were deferred for two years from the 7th May 1883, and will be entitled to dividends as from the 7th May 1885. While amalgamation was being discussed by the Board, it occurred to some of them that it would be advisable to apply to the shareholders for an extension of powers, so that the directors might make and entertain offers and proposals and make purchases without calling a meeting of shareholders. A meeting was convened, and at that meeting I am pleased to say the shareholders placed such confidence in the directors that they granted them extensive powers for the future working of the company. The necessary amendments were made to the Trust Deed and passed at a meeting held on the 30th July last year. Under these amendments your directors were authorised to make purchases in the mine to the extent of £20,000 without consulting the shareholders. This was a very extensive power to place in the hands of the directors, Acting under this power, certain negotiations were entered into for the acquisition of property in the mine which, I may say, could not have been successful had it not been for the amendments made to the Trust Deed. Negotiations were entered into with the Cape of Good Hope Bank for the purpose of acquiring the Frere claims which were completed about the month of September last. The terms agreed to were an amount of £13,000, about the total cost of these claims, to be paid off at the rate of £500 a month, with 8 per cent interest. (Some of these matters are referred to in the Balance sheet which will be submitted with the report, but it is my duty to give the shareholders details as they are not so fully given in the Balance Sheet.) After this purchase was affirmed, negotiations were opened with the Standard Bank to purchase their claim against the International Company, then in liquidation. After several interviews with the Bank Manager here and telegraphic communication with Port Elizabeth that interest was acquired for the sum of £9,000. I may mention that the Bank wrote off between £4,000 and £5,000 from their claim. The terms of this purchase were that the amount should be paid off in monthly instalments of £500, commencing from the 4th April last, with interest at the rate of 8 per cent. The International Company being then in liquidation, in the ordinary course the property was advertised and the whole of the plant together with the claims was purchased by this company at public auction for £7,500. The amount of the purchase money a little more than covered the sum due to the Mining Board for arrear rates and licenses and for liens registered against the International Company by the Independent Company. I think the amount of this purchase figures somewhere about the sum of £18,000, or £19,000 to date. At the same time your directors purchased somewhere about 8,000 or 9,000 shares in the London and S. A. D. M. Co. and about 1,700 shares in the Independent Co. for a total sum of about nine or ten thousand pounds the exact figures being shown in the balance sheet.

In the month of November last further negotiations for the amalgamation of several companies were opened, but I regret to say that the terms offered by this company at that time were not considered satisfactory by the other parties interested, with the exception of the Baxter's Gully Co., the directors of which responded to the invitation from this Board. Negotiations were proceeded with, Mr. Rhodes, then on a visit to Port Elizabeth, interviewed some of the shareholders of the Baxter's Gully Company in that town, and on his return to Kimberley consulted the other members of this Board. These matters took some time to

mature, but in the month of February last a final understanding was come to with the Baxter's Gully Company and a provisional agreement was prepared and submitted to Port Elizabeth. It was approved of and finally confirmed by a meeting of shareholders of this company in the month of March last. The terms of that amalgamation were as follows: That the claims of the Baxter's Gully Company should be acquired at the rate of £8,000 per claim, taking the measurement as from 100 feet below the level of their table or flat sheet in the mine; the ground cut out at 100 feet below that level to be estimated at the rate of 5s per load, they to participate in all the assets of this Company to date. When I say all the assets, that is with regard to the purchase by this company in the ground known as West End ground, comprising the companies I have alluded to before. To complete this amalgamation, it now only remains for the survey to be completed. A shaft for that purpose has been taken in hand, and I trust in the course of the next two months that this work will be, if not completed, approaching completion. Unfortunately the late strike has somewhat delayed the matter.

I may mention that during the winter months last years, your directors thought fit to stop washing blue ground on the floor. At that time there were between twenty and thirty thousand loads of lumps from the good ground in the mine distributed, and I am glad to say that during the winter we were enabled to pay working expenses out of lumps, until we had accumulated a stock of seventy to eighty thousand loads of blue, including 16,000 loads which were on the company's floors at the date of the last annual meeting.

There is one other amalgamation I omitted to mention, the amalgamation with the Central Company in the month of July last. The $10\frac{1}{4}$ claims of the Central, its machinery, and all its assets were acquired by this company, and shares in this company were issued to it to the amount of £76,000. At the time of the amalgamation, a lease existed between the Central Directors and Mr. Mark Leo, the interest in which was bought by the De Beer's Mining Company for £1,250, with a right to the lessees to use the washing machinery, horses and carts till the 31st December last. I may state that it was the opinion of your directors that this amalgamation prevented any combination in what is termed the N. East corner of the De Beer's mine, a combination which might have delayed the amalgamation of the mine; I am glad to say that the power of what I may term the reef companies has been broken by it.

After the stoppage of washing operations in the months of June, July, and August, washing was resumed about the beginning of September last. Within three weeks afterwards, this company commenced to pay dividends and has done so at regular intervals until the 25th of last month, at the rate of one per cent a month.

In October there was introduced to the Fields a combination among the workmen which resulted in a strike Unfortunately at that time the employers of labour were of opinion that if the work were once stopped, all the natives would leave for their kraals. This strike was not of very long duration, and the companies resumed work within four or five days. Since that time until the end of this year the work of the company progressed satisfactorily, with the exception of a very few days in the rainy season. The working days for hauling 1883—4, were 307; output 208,258 loads. Corresponding period 1882—3, working days 312, and output 179,785 loads; so that you see, notwithstanding the intervention of the strike in October and the other causes referred to the output has been increased—and further I may mention incidentally that when this Company introduced the contract system for working the claims about the month of May last, the contractors, James & Co. did not carry out the terms of their contract as entered into with the directors. Instead of the output reaching about 25,000 loads a month, I don't think it reached more than 15,000. This contract ran until towards the end of the year, when a fresh one was entered into with Joseph Richards, our present contractor who has given entire satisfaction since he has had the control of the digging operations in the claims. During the past 12 months the washing machines have been working 307 days and the number of loads washed was 188,766 floor loads; a deduction of 8 per cent is always allowed in calculating the size of a floor load compared with a Kopje load. In the corresponding period of 1882—3, 166,136 loads were washed. Floating reef hauled 1883—4, 178,723 loads, at a cost of seventeen or eighteen thousand pounds. In this respect a great saving has resulted to the Company in the adoption of the contract system. The expense of the removal of floating shale has been minimised as far as it is possible to minimise in the mine. During the corresponding period 1882—83, 130,370 loads were removed. Diamonds in 1884 realised £198,268 12s 9d, or 22s 10d per load. This includes a very large quantity of high ground which fell from ground lately the Central Company adjoining the Victoria, and from ground adjoining the International, being portion of this Company's old block, and from the claims of the late Frere Company. The yield of this ground certainly exceeded my own expectations and I think those of the majority of your directors. The cost of hauling during the past 12 months has been reduced and would have been very much less had the first contractor to this Company not failed to carry out his contract. Had it been carried out and the agreed number of loads tipped daily the cost of production would have been very much less than it is at present. With regard to the washing, the cost of washing is, if anything a little more than last year. This is chiefly attributable to the fact that for 3 months lumps were being washed on the floors, that it was impossible for the Company to discharge the staff of workmen then engaged, as the bulk of the ground then being hauled from the mine was (what is called down here) white ground which required a deal of manipulation, and numbers of boys had to be employed constantly in the breaking-up process. Furthermore during the past

year, water has been purchased from the Waterworks Company, and the cost of washing has therefore increased slightly. The hauling for the year has cost on an average about 5s a load including rates; and the washing has cost us about 3s 10½d. If the lumps washed were added, the cost would be reduced to 3s 6d per load. This of course is without adding the depreciation of machinery, and establishment charges. In giving you in detail the cost of production in the directors' report you will find it amounts to a little more; but then there were prospecting works and establishment charges, searching system, depreciation &c., all added this year and which did not appear in last year's report. These are therefore fresh expenses and they have increased the cost of production to some extent.

The profits for the year amount to the sum of £117,000 odd, and have been distributed as follows: £52,000 odd in dividends; £17,187 in floating reef; purchase and goodwill of the Central Co., £1,250; written off machinery, property and plant accounts, £6,013 3s. 0d. carrying forward a balance of £40,827. This balance is represented by what is termed Investment Account, that is the purchase of the shares to which I have already alluded and the properties in the Mine and other items which appear in the balance-sheet. It is estimated by your Directors that the future expenses of the removal of floating reef will not exceed the sum of £25,000. I think that will be ample to clear the whole of the Company's claims from floating reef. The area of the ground cleared during the past twelve months is much about the same as last year. By this time next year we have every reason to believe a very small portion will be left. A large quantity of the upper part of the floating reef has been removed and in some places now we shall soon be into good payable ground. At the west end of the original block of the Company's ground we have at the level of the lowest tunnel driven from North to South some which will be cleared at very little expense and the Company will then be able to get at some of the richest ground in the mine.

With reference to the pumping contract I may mention it was deemed advisable in view of the threatening heavy rainy season and of the enormous penalties attached to the contracts entered into between the Mining Board and this Company, to give the Board in terms of the contract two months' notice to cancel the same. This was done about February last, and I think the contract under the old agreement expired on the 29th March. The Board then agreed with this Company that the pumping should be continued by it, that the water removed should be the exclusive property of the Company so long as it was used for mining purposes; but that this Company should be freed from all responsibility or liability with regard to reflow or accidents; that the contract price should be reduced from £900 to £600. Under the old contract there was also a condition that the water should only be removed from the Mine by means of pumps. In the new contract the Directors are not limited as to what mode of removal is adopted. This is also a great advantage.

In the last Report your Directors referred to an action between this Company and the Victoria Co. Judgment in the case was affirmed on appeal with costs against the Victoria Co. I may refer to the capitalization of the properties acquired last year, although it did not take place until after the conclusion of the Company's year. The ground purchased from the Cape of Good Hope Bank, (the Frere ground), as well as the International ground has been capitalized by the shareholders since the 31st March and deferred shares have been issued falling in with the ordinary shares on the 1st October, 1885, at the rate of £3 a share, which represents the actual cash cost of these properties to the Company. The amalgamation between this Company and the Independent Co. has also been concluded. Scrip is to be issued to that Company deferred to 7th May, 1885, at the rate of £30,000, the orginal capital of the Independent being £40,000, that is as 3 is to 4. As to further amalgamations I may mention that in some cases every effort has been made to get adjoining Companies to meet the Directors and discuss terms of amalgamation, and although meetings have been held and the matter discussed no conclusion has been arrived at so far. Some of the other Companies express themselves ready and willing to amalgamate, but terms satisfactory to both parties have not been arranged. One principle has been adopted regarding these future amalgamations, and that is there should be actual measurement as in the case of the Baxter's Gully. Several reef companies are opposed to this and until further prospecting has taken place and we are in a position to state what the area is at 100 feet below the level of the Baxter's Gully table, negotiations must be suspended. In the matter of the Elma, there was every prospect of amalgamation, but one or two large shareholders in that company refused the very liberal, exceedingly liberal, terms submitted to them.

During the past 12 months the Mining Ordinance was passed by the Cape Legislature, by which provision was made for the representation of capital on the Mining Boards. As far as I am aware the small companies have been duly represented and every consideration has been given to their interests. In regard to the future management of the company I may state that our present manager, Mr R English, is anxious to be relieved of some of his responsibility. He has managed the company since March, 1881, when the claims of Stow, English and Compton were amalgamated with the De Beer's Mining Co. The works have increased enormously, and he finds it impossible for one man to take the sole management of so extensive a concern. Considering his past services, I must now state on behalf of the directors that the company have derived great assistance from his intimate acquaintance with all mining details, from his personal knowledge of the De Beer's Mine and of all matters connected with it. He has been a most valuable member on the Mining Board and at all committee meetings and in fact in all matters connected with the working of the company. With regard to the future management the directors have the

matter under consideration, and Mr Rudd, now on his way to Capetown, intends consulting Mr Rhodes, Treasurer-General of the colony, and then communicating his views to his colleagues here, should he be re-elected a director to-day. Whoever the future directors of the company may be I think it would be almost as well that, as a change will have to be made in the management, the directors who have the full power of appointing managers under the terms of the trust deed, should advertise for applications to be sent in, to be decided upon by the Board.

A few remarks as to the aid and valuable services rendered by Mr Rhodes to this company may not be inappropriate. These services have been invaluable to the company. He has devoted the whole of his time to the interests of the company. He was here constantly day and night and had the welfare of the shareholders at heart. Whilst he was in Kimberley one felt a sort of security in remaining away from the works, because of the knowledge that the directorship could not be in better hands than his. As Chairman of the meeting I may throw out the suggestion that a special vote of thanks should be offered to Mr Rhodes for his past services, and I trust it will not be very long before we see him back in Kimberley to atrend to the duties he has so ably fulfilled in the past. There is also a servant of the company whose services have been if not so valuable at least very nearly so as those of Mr Rhodes —our Managing Engineer, Mr Thomas Andrews. Without Andrews I think the company on many occasions would have been in great difficulties. He has assisted the directors to the utmost of his power. He has been at his work constantly, chiefly connected with the pumping in the mine. If he were short of an engine-driver at any time and also during the present unfortunate lock-out and strike, Andrews at great personal sacrifice has been at the mine during the whole of the night—and there is some self-sacrifice in a matter of this kind, because his salary is not increased by overtime. I put it to the shareholders that a bonus or an increase should be given to Andrews. I cannot sufficiently impress upon you the value of this engineer's services. In according a meed of praise to all servants and employes of the company I must not omit to mention the name of our worthy Secretary. The directors have certainly derived very valuable assistance from Mr Pickering. He is certainly one of the best brokers for the company's diamonds in Kimberley. He has the reputation in the market of being the best broker and I thank him on behalf of the retiring directors for the very able services he has rendered them during the past twelve months.

The report and statements were then read.

In reply to Mr Nind, the Chairman said the company had no reserve fund except the L & S A D M Co. shares and the Independent Co. shares.

Mr W. Alderson: Have the company purchased the so-called Australian Gully. There is no mention of it in the report. I want to know if it is a fact.

The Chairman: Whom do you represent?

Mr Alderson: Myself.

The Chairman: How so? Is Mr Alderson a shareholder?

The Secretary: His estate holds two shares.

The Chairman: I am afraid you can't take any part in the proceedings of this meeting.

Mr Alderson: I think I can and I ask the question.

The Chairman: I rule that as an insolvent you can't take any part in the proceedings of this meeting.

Mr Alderson: Then I ask some other gentlemen to bring it forward, this so-called purchase of the Australian Gully. I want to know the facts and how it was purchased

There was no discussion. Mr T. J. Ball moved the adoption of the Report and Statements; Mr W. M. Smith seconded, and it was unanimously resolved upon.

ELECTION OF DIRECTORS.

The whole of the Directorate retired and were re-elected. They are: Messrs C. D. Rudd, C. J. Rhodes, R. English, G. W. Compton, John Morrogh, R. D. Graham, and F. S. P. Stow.

AUDITORS.

Messrs Craven and Fraser were the retiring auditors.

Mr Fraser having left Kimberley, Mr. Feltham was elected in his place.

There was an application from the last year's (82-83) auditors requesting that something more than 25 guineas each should be allowed them for that audit. It was considered impossible to reopen the matter now, but the audit-fee for the year just passed was raised, on the motion of Mr. Hoskyns, to 50 guineas each auditor.

FUTURE AMALGAMATION.

The Chairman stated that a proposal had been made by the Bank of Africa for the amalgamation of the late Eagle Company's ground with this Company. As the terms were at present very indefinite, the matter would be laid before a special general meeting of shareholders.

THE ENGINEER.

A bonus of £100 was voted to the Managing Engineer, Mr. Andrews.

MR. RHODES.

Mr. Hoskyns proposed a cordial vote ofthanks and confidence in the Chairman and directors who had so ably looked after the affairs of the Company. Besides a special reference to Mr. Rhodes, he paid a high tribute to the valuable services of Mr. Stow, Mr. R. English, and Mr. Rudd. He was sorry that the trust deed only allowed the sum of £400 as remuneration for the directors, and trusted that the directors would soon call a special meeting to alter the trust deed so that more satisfactory remuneration could be offered them. Meanwhile he could not propose a higher amount.

Mr Runchman seconded.

The Chairman thanked the meeting, and said that had it not been for the cordial co-operation of the shareholders of the Company its works could not have been brought to so successful an issue.

This concluded the business.

THE DE BEER'S MINING CO.

LIMITED.

Capital - - - £1,045,120

IN £10 SHARES FULLY PAID UP.

FIFTH ANNUAL REPORT, MAY, 1885.

Chairman.

CHARLES DUNELL RUDD, Esq., M.L.A.

Directors.

Hon, C. J. RHODES, M.L.A.
Mr. FRED. S. P. STOW,
„ ROBT. ENGLISH,
Mr. R. D. GRAHAM,
„ G. W. COMPTON,
„ JOHN MORROGH.

Manager.

Mr. ROBERT ENGLISH.

Secretary.

Mr. NEVILLE E. PICKERING.

Head Office: De Beer's, Kimberley, Griqualand West.

KIMBERLEY:

C. H. HARTLEY AND SON, PRINTERS AND BOOKBINDERS.

1885.

REPORT OF THE DIRECTORS

OF

The De Beer's Mining Company, Limited,

For the Year ending 31st March, 1885.

TO THE SHAREHOLDERS.

GENTLEMEN,—

Your Directors beg to submit their Report on the affairs of the Company with a Statement of Accounts for the year ending 31st March, 1885, showing, after payment of dividends, a balance of profit, together with the amount brought forward from last year, of £98,067 0s. 3d.

The actual expenditure on Blue Ground has been £144,951 16s. 2d., and the revenue from this source £287,469 15s. 7d., to which, however, must be added the actual cost of depositing the excess over last year of Blue Ground and Cylinder Screenings, now lying on the Company's Floors, say £14,160 5s. 6d., leaving a gross profit for the year, including sundry other receipts, of £157,652 0s. 11d., which has been appropriated in the following manner:

Payment of Dividends	£62,666	5	0
Removal of Floating Reef	21,803	12	4
,, Main Reef	9,846	4	10
,, Yellow Ground	2,632	12	1
Depreciation of Machinery, &c.	9,109	7	2
	106,058	1	5
Carrying forward for the year a net profit of	51,593	19	6
	£157,652	0	11

A detailed statement of work done will be found in the tables annexed to this Report, but it may be satisfactory to consider here the following comparative statement of the Company's operations for this and the previous year:—

	1883-4.	1884-5.
Blue Ground Hauled	208,257½ loads	394,573¾ loads.
,, Washed	173,666 ,,	323,324¾ ,,
Floating Reef and other unpayable Ground	204,977 ,,	427,215 ,,
Diamonds Found	177,246¼ carats	278,018¾ carats.
Proceeds of ditto	£193,268 12s. 9d.	£287,469 15s. 7d.
Average yield per load	1·02 carat.	·859 carat.
,, price ,,	22s. 10d.	17s. 9d.
,, price per carat	22s. 5d.	20s. 8d.

From this it will be observed that the work for the year now closed greatly exceeds that of the previous year. The average yield per load, however, has been somewhat less, which is accounted for by the fact that 62,675 loads of poor ground removed from the International and Frere Claims are included in the number of loads washed, and are estimated to have produced only ¼ of a carat per load.

This return being more than sufficient to cover the cost of washing such ground, justified your Directors in depositing it on the Company's Floors, although the total average yield was much reduced thereby; but, allowing for this poor ground, the balance washed is proved to yield 1·006 carat per load.

FLOATING AND MAIN REEF, &c.

The quantity of Floating Reef, Main Reef, and other Unpayable ground hauled, as shown in the tables, figures at a very considerable amount, being more than load for load as compared with the output of diamondiferous ground, but this work has been absolutely necessary to enable the Company to proceed with their open workings, and expenditure under this head must continue so long as the open system of working the Company's claims is carried on, and should therefore be added to the cost of working the Blue Ground. Indeed, this expenditure must necessarily increase proportionately as the Mine deepens, and, your Directors having this in view, are making speedy preparations for underground working, a full account of which will be found under another heading in this Report.

MACHINERY.

After writing off for depreciation about 15 per cent., this account has been increased by £19,375 1s. 9d., which is represented chiefly by the Machinery, Property, and Plant taken over at a very low valuation from the Companies, which have been absorbed during the year, and also by permanent tramways, about two and a half miles in length, laid over the whole of the Company's Depositing Floors, with the necessary portable lines and plant.

WATER CONTRACT.

On reference to the Statement it will be seen that £2,200 9s. 10d. has been wristen off as the loss under the above heading, but this deficiency is more than counterbalanced by the considerable saving that has been effected in the utilization of the water hauled from the Mine, and laid by means of pipes and cuttings into reservoirs on the Company's Floors.

DIVIDENDS.

A dividend of one per cent. per month was paid for the first three months of the year, but for the following quarter your Directors were unable to continue the payment of dividends, owing to the unavoidable increase at that time in the necessary dead-work, and also the to fact that the ground washed during that period consisted mainly of the poor Blue previously referred to, added to which the protracted winter interfered, to a great extent, with the proper conduct of the washing operations.

As recommended in the last Annual Report dividends have since been distributed quarterly, viz.: at 31st December, 1884, two per cent. and at 31st March, 1885, two-and-a-half per cent. was declared.

MINING BOARD.

The annexed Statement will show that the financial position at 31st Marck 1885, of the De Beer's Mining Board was still in a most satisfactory state :—

ASSETS.

Balance in Bank 31st March, 1885	£4,964 19 8
Outstanding Rates	155 15 10
	£5,120 15 6

LIABILITIES.

Sundry Accounts at 31st March, 1885, estimated at . .	2,400 0 0
	£2,720 15 6

(Signed) J. C. H. Bourhill, Treasurer.

AMALGAMATIONS AND INVESTMENTS

The negociations mentioned in the last Report as pending between this Company and the London & South African and Independent Diamond Mining Companies were brought to an issue in April and May, 1884, on terms approved of by Shareholders, and the Capital increased to the extent of £85,000, for which 1,500 ordinary and 7 000 deferred shares of £10 each were issued. Of this number 3,230 shares represented the interest which this Company had acquired in the above properties prior to Amalgamation.

With regard to the agreement for the Amalgamation of the Baxter's Gully Comaany the original approval proposals had to be abandoned owing to the difficulty of obtaining correct measure: ments of the area of their ground, but in November, 1884, an offer to complete the Amalgamation was made by them and accepted by the Shareholders of this Company, whereby the Capital was again increased by £85,000 in 8,500 shares of £10 each. In addition to this it was arranged that they should participate in our interest in the West End properties to the extent of £15,000.

On the 22nd April, 1884, the capitalisation of the Claims, known as the International and Frere, which had been previously purchased by this Company was sanctioned by Shareholders at a Special Meeting convened for that purpose for the sum of £120,000, to which extent the capital of the Company was further increased, and for which 12,000 shares of £10 each, deferred to October, 1885, were issued

These shares, as well as the shares derived from our interest in the London and South African and Independent Diamond Mining Companies, have been distributed amongst shareholders, less 1,500 which were handed to the Baxter's Gully Diamond Mining Company in terms of agreement.

Besides the foregoing, purchases of various other claims in De Beer's Mine have been completed by your Directors during the year, viz.: 7 claims known as the Australian Gully Block ; 14

claims, 480½ square feet, the property of the late Eagle Diamond Mining Company, as well as 3 claims belonging to private individuals, and the money expended on them to date having been paid out of profits, appears in the Statement under the head of Claims Investment Account, and forms a valuable asset of the Company.

The result of these purchases and amalgamations is that the Company is now possessed of a most valuable compact block of about 360 claims of 31 feet square, most of which have been proved at a depth of 300 from the surface to be equal in value to any in the Mine, and your Directors hope to ascertain at an early date the nature of the balance of the claims at the same level.

It must therefore be apparent that your Directors continue to hold the opinions expressed by them in their last Report, and have endeavoured to the utmost of their power to hasten the consolidation of all the separate interests in he Mine, the advantages of which are undeniable, especially in view of the absolute necessity of adopting at once a system of working underground.

There are yet other Companies with whom terms must be arranged to finally complete the entire Amalgamation of the Mine, and shareholders may feel assured that nothing shall be wanting on the part of the Directors to attain this end, subject, in their interests, however, to due weight being given to the relative value of this Company's property.

UNDERGROUND WORKING.

A large shaft was commenced on the north side of, and about 1,000 feet from, the Mine in November last, and was sunk to a depth of 300 feet, when, owing to the hardness of the rock, the work was temporarily suspended. In the meantime your Directors desire to profit by the experience of other companies, both as regards the absolute necessity of outside shafts for working the Mine, the class of machinery to be employed, and the thickness of the igneous rock itself. Your Directors are, however, satisfied that underground works by means of shafts now being sunk inside the Mine, can be successfully carried on for some years owing to the large area of the Company's block. As an auxillary to the inside shafts, a comparatively inexpensive sloping shaft is being sunk outside the Mine through the shale at the West End, at a sufficient angle to skirt the edge of the hard rock. On the 31st March, a very large slip of yellow ground occurred from the south-west of the Mine, putting an end for the time being to the open workings of the Company, but it is hoped that, commencing from May, an output of Blue will be obtained from the inside shafts above referred to.

Your Directors have determined to clear the claims as speedily as possible of the fallen ground, and it is estimated that this will be accomplished in about three months, when the open workings will be resumed, by which means the output of Blue Ground, added to the supply from underground, will exceed that of any previous period.

HAULING FOR THE YEAR ENDING MARCH 31, 1885.

Month.	No. of actual Working Days.	Blue Ground. Loads of 16 cubic feet.	Floating Reef and Stones. Loads of 16 cubic feet.	Main Reef. Loads of 16 cubic feet.	Floating Reef and Debris ex Frere and International Claims. Loads of 16 cubic feet.	Yellow Ground ex London and South African Claims. Loads of 16 cubic feet.	
1884.							
April	20	33,173¼	6,713	14,024	7.033		
May	25	38,341¼	9,213¼	7,731¼	7,961		
June	25	34,340½	12,905½	7,733¼	8,675		
July	27	31,918	24,778½	7,933½	13,212		
August	26	26,926½	16,082	10,200	15,246		
September	26	34 513	13,659	9,148½		17,137	
October	27	34 856¼	12,470	12,670		19,769	
November	25	30,818¾	11,060	3,666		18,121	
December	26	33,922½	19,227¾	818¾		19.716	
1885.							
January	27	37,886¾	18.439¼			7,380	
February	23	29,852	19,808¾				
March	25	28,025	24,012¼				
Total...	302	394,573¾	188,369¼	*73,925¼	52,127	82,123	

* Besides this there were 10,905 cubic yards of Main Reef removed from the margin of the Mine.

The De Beer's Mining Company, Ltd.

WASHING FOR YEAR ENDING MARCH 31, 1885.

Month.	No. of actual Working Days.	No. 16 cubic feet Loads of Blue Ground washed.	Diamonds found—in Carats.			Total amount of Diamonds found—in carats.	Proceeds.	Average Price.	
			Daily Finds.	Fine Sand.	On Percentage.			Per Carat.	Per Load.
1884.									
April	20	26,233	17,346¾	885	922½	19,154¼	22,740 4 7	23/8	17/4
May	25	27,365	17,887	1,674	1,163½	20,724½	23,605 15 3	22/9	17/3
June	25	29,516	15,456	751	1,000	17,207	21 286 14 0	24/8	14/5
July	27	30,445¾	16,852¼	1,092	1,328¼	19,272½	23,802 12 6	24/8	15/8
August	26	27,957	13,251	1,456	203½	14,910½	16,434 17 0	22/	11/9
Sept.	26	13,812	8,388½	1,991	1,671½	12,051	11,989 1 6	19/11	17/4
Oct.	27	15,908	17,474	3,674	1,037½	22,185½	21,046 6 3	19/	26/6
Nov.	25	23,442	23,112	2,248	204½	25,564½	26,870 5 10	21/	22/11
Dec.	26	31,844	29,153	2,955	2,328½	34,436½	34,816 14 0	20/3	21/10
1885.									
Jan.	27	31,433	28,041	3,195	664	31,900	29,915 4 2	18/9	19/
Feb.	23	27,317	24,913¾	2,054	116¼	27,084	25,264 17 3	18/8	18/6
March	25	38,052	30,711½	2,444	373	33,528½	29,697 3 3	17/9	15/7
Total ..	302	323,324¾	242,586¾	24,449	11,013	278,018¾	287,469 15 7	20/8	17/9

Blue Ground on Floors 1st April, 1884	63,029 16	cubic ft. loads
Do. Deposited on Floors from 1st April, 1884, to 31st March, 1885 ...	394,573¾	„ „ „
Do. taken over with Independent Diamond Mining Company ...	4,040	
	461,642¾	„ „ „
Blue Ground washed 1st April, 1884, to 31st March, 1885	323,324¾	„ „ „
Leaving a balance on Floors 1st April, 1885	138,318 16	cubic ft. loads
Lumps on Floors 1st April, 1884	25,000	loads
Do. Deposited on Floors, 1st April, 1884, to 31st March, 1885 ...	54,074	„
	79,074	„
Do. Washed 1st April, 1884, to 31st March, 1885	34,380	„
Leaving a balance on Floors 1st April 1885	44,694	„

In conclusion, your Directors beg to refer you to the Statement of Accounts herewith.

C. D. RUDD, Chairman.
G. W. COMPTON,
JOHN MORROGH,
C. J. RHODES,
ROBT. ENGLISH.
} Directors.

BALANCE SHEET, MARCH 31, 1885.

LIABILITIES.				ASSETS.			
To Capital Account, 84,155 Shares of £10 each ...		£841,550 0 0		By Claims Account		£1,060,267 5 5	
,, Capital 'Deferred,' 20,357 Shares of £10 each ...		203,570 0 0		,, Machinery, Property, and Plant ...		54,375 1 9	
,, Bills Payable		2,100 0 0		,, Office Furniture		285 0 0	
,, Bills of Exchange against Diamonds shipped to London		6,500 0 0		,, New Shafts (money expended to date)		4,513 16 11	
,, Unclaimed Dividend Account :—				,, Claim Investments :—			
Cheques outstanding	£179 16 0			Purchase of Claims in De Beer's Mine		5,077 12 7	
,, Dividend of 2½ per cent declared 31st March, 1885, payable April 6, 1885	21,038 15 0			,, Stock of Coal		2,380 0 1	
		21,218 11 0		,, Stock of Blue Ground :—			
,, Creditors :—				138,318 16 cubic feet loads ...		24,205 13 0	
Cape of Good Hope Bank, balance of purchase price of 'Frere' Claims, payable in monthly instalments of £500	4,787 16 9			,, Stock of Lumps :—			
Standard Bank do. of International Claims do. do.	3,070 0 0			44,694 loads		2,234 14 0	
Sundry Accounts Outstanding	8,419 15 6			,, Sundry Debtors		390 6 1	
		16,277 12 3		,, Diamonds shipped to London		7,359 7 6	
,, Balance of Profit and Loss Account ...		98,067 0 3		,, Diamonds in hand, 11,547 carats ...		12,744 0 0	
				,, Cash at Bankers		15,450 6 2	
		£1,189,283 3 6				£1,189,283 3 6	

C. D. RUDD, Chairman.

N. E. PICKERING, Secretary.

Kimberley, 31st March, 1885.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company (Limited), and that the above Statement is true and correct.

H. I. FELTHAM, }
W. H. CRAVEN, } Auditors.

Profit and Loss Account, 1st April, 1884, to 31st March, 1885.

DR.

Advertising and Stationery	£508	5	3
Auditors' Fees	109	0	0
Charges	1,177	8	6
Commission to Fine Sand Sorters	2,342	15	4
Contract Work	38,989	12	3
Convict Labour	2,311	5	5
Depositing Floors... ...	48	10	0
Directors' Fees and Bonus Account	500	0	0
Fuel...	15,286	12	11
Interest and Discount ...	1,089	5	11
Maintenance of Machinery	9,577	19	1
Produce and Stables ...	7,924	18	1
Prospecting	1,960	19	5
Pumping Contract ...	2,200	9	10
Rates and Licences ...	8,657	9	2
Salaries	3,403	6	8
Sanitary Department ...	2,934	14	9
Searching System ...	1,549	14	3
Wages	34,764	19	8
Water	3,620	8	10
Workshops...	5,094	0	10
Depreciation of Machinery, Property, and Plant...	9,077	8	4
Depreciation of Office Furniture	31	18	10
Floating Reef	21,803	12	4
Yellow Ground	2,632	12	1
Main Reef	9,846	4	10
Dividends, 7½ per cent. ...	62,666	5	0
Balance of Profit	98,067	0	3
		£348,176	17 10

CR.

Balance from last Year ...	£46,481	17	4		
Less Amount written off in excess	8	16	7		
				£46,473	0 9
Diamonds Account:— Diamonds found during Year				287,469	15 7
Blue Ground on Floors:— Balance at Mar. 31, '85, 138,318 16c. ft.lds. Less on hand Apl. 1, '84, 63,029 16c. ft.lds.					
Increase ... 75,289 do. at 3/6				13,175	11 6
Lumps on Floors:— Balance at Mar 31. '85, 44,694 loads. Less on hand Apl. 1, '84, 25,000 do.					
Increase ... 19,694 do at 1/-				984	14 0
Sale of Fractional parts of Shares resulting from capitalisation on Interest in West End				26	0 5
Dividends on West End				47	15 7
				£348,176	17 10

C. D. RUDD, Chairman.
N. E. PICKERING, Secretary.

Kimberley, 31st March, 1885.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company (Limited), and that the above Statement is true and correct.

H. I. FELTHAM,
W. H. CRAVEN, } Auditors.

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

OF

The De Beer's Mining Company, Ltd.,

HELD AT THE OFFICES, DE BEER'S,

On MONDAY, the 4th MAY, 1885,

At 3 O'Clock in the Afternoon.

PRESENT:—Messrs. S. Carlisle, C. R. Gardner, John Morrogh, L. Hoskyn, Tom Rudd, G. W. Comptom, T. Shiels, R. English, H. Robinow, John Murray, C. D. Rudd, C. J. Rhodes, G. M. Harding, T. J. Ball, W. M. Smith, N. E. Pickering, T. R. English, Wm. Alderson, C. E. Nind, Goldschmidt, G. H. Hull.

Mr. Pickering further representing Mr. F. S. P. Stow; Mr. Morrogh further representing Mr. H. Greenshields; Mr. Nind further representing Messrs. Dunsmure, Lockhart, Nelson, A. G. Stuart, Walker, Mrs. J. W. Rudd, Miss Lockhart, Major Generals Lockhart and Napier.

The Secretary read the notice convening the meeting and also the minutes of the last Annual Meeting, which were confirmed.

The Chairman read the Directors' Report with Statement of Accounts for the year ending 31st March, 1885, and then moved their adoption, which was seconded by Mr. Leigh Hoskyns and carried unanimously.

Mr. Ball proposed that the following gentlemen be appointed on the Directorate for the ensuing year, viz.: Messrs. Compton, English, Morrogh, Rhodes, Rudd, Shiels, and Stow.

Mr. W. M. Smith seconded the proposition, which was carried unanimously.

The Chairman read a letter from Messrs. Craven and Feltham, the retiring Auditors, applying for an increase of their fees.

Proposed by Mr. Leigh Hoskyns that the retiring Auditors, Messrs. Craven and Feltham, be re-elected, and that their fees be fixed at £20 a quarter each. Seconded by Mr. Nind and carried unanimuusly.

Mr. Ball proposed that a vote of thanks be given to the retiring Directors and Officers of the Company, which was seconded by Mr. Nind, and carried unanimously.

Mr. Hoskyns proposed and Mr. Robinow seconded that £400 be voted to the Directors as their fees for the past year. Carried unanimously.

(Signed) C. D. RUDD, CHAIRMAN.

ANNUAL GENERAL MEETING OF THE DE BEER'S MINING COMPANY.

Reprinted from the "Daily Independent" of 5th May, 1885.

The Annual General Meeting, for the year ended 31st March, of Shareholders in the De Beer's Mining Company was held on Monday afternoon at the Company's offices, De Beer's. There was a large attendance of shareholders in person and by proxy. The chair was taken by Mr C D Rudd (Chairman of Directors).

The notice convening the meeting and also the minutes of the last annual meeting were read.

Mr Rudd premised that he would not follow the course pursued by the Chairman last year (Mr Stow) in making a speech before reading the Report, because although he was *ex-officio* Chairman of the meeting he had been absent from Kimberley for 11 months out of the 12 with which the Report dealt; and there were Directors present who were much better able than he was to answer questions or give shareholders general information regarding what had taken place in the past year. After he had read the Report he would make a few remarks on the present position and future prospects of the Company.

THE DIRECTORS' REPORT

was then read, and also the statements of account, which will both be published in our advertising columns. The total profit for the year ending 31st March is £157,652 0s 11d, which was appropriated in the following manner:—Dividends £62,666 5s; floating reef removed, £21,802 12s 4d; main reef removed, £9,846 4s 10d; yellow ground removed, £2,632 12s 1d; depreciation of machinery, &c, £9,109 7s 2d—total, £106,058 1s 6d. The balance of profit, £51,593 19s 6d, is carried forward. All other particulars as to yield, &c, will be found in the Report.

The Chairman: Before moving the adoption of the Report, which I believe is the usual thing for the Chairman to do, I should like to make a few remarks; not so much on the past, because I have been away a great deal myself this year; but I should like to make a few remarks on the present position and future prospects of the Company, but I will not detain you long. The subject which most engrosses our attention at the present time is the enormous slip of yellow ground, quite unprecedented in mining matters in this place, from the South West of the mine. No doubt all the shareholders are very anxious not only to form their own opinions as regards it, but to have the opinion of the Directors as to its effect on the Company, both as regards its prospects financially and also as to the working of the mine itself. Shortly after the slip took place your Directors debated very much whether it were better to go in entirely for underground working and leave the slip of yellow ground where it was; or to pull it out. After a great deal of consideration it was decided that it was better to pull it out, but at the same time to commence underground work so as to have the mine opened up, or at any rate to have a guaranteed output of good blue in case any further large slips should take place. It is now a month since we made up our minds to do this, and I think we are all satisfied we are doing the right thing in commencing the underground workings as soon as possible, still dealing in the open with the slip. Our practical opinion is that this slip will take some three months to remove, at least the part of it which will not pay to put on the floors. After that, we think a great deal of the ground we take out will either be saleable or worth putting on the floors, as it would probably be blue yielding 10s or 12s a load. We think 4 or 5 months will probably see the end of the whole slip, and the mine being then much more open than before will (barring any unforeseen accident) leave us in a better position for a large output in open working than we were ever in before in this mine. We hope in addition to that also to be able to get a very good output by the underground system as adopted by Mr Ed. Jones, and which (although we do not consider it for a permanent working of the mine) will still give us a very large output down to a certain level, and at the same time will not really interfere with the permanent underground operations which must now be seriously thought of and organised and looked forward to as to be commenced in 2 or 3 years' time. After all I think we shall certainly be as well off as our sister mine of Kimberley. They are adopting the underground system, very much the same system as we are; but we have this advantage, our very large block, and we can afford now to commence in an organised manner. With regard to the open working *versus* the underground it is commented upon very much outside that underground working is very likely to prove very expensive; but after having called for contracts for the excavation of ground from the galleries we find that the cost of excavating and hauling from underground really only comes to about double the cost of excavating in

the open; and when we consider (on the face of the figures I have just read to you in the Report) that in open working we do more than a load of dead work for every load of blue hauled (and in the future it would be 1½ of dead work to every load of blue) it will be clearly seen that underground working for the present at any rate on this temporary principle, will certainly not be more expensive than open working. And in favour of underground working, I may add that we shall do away with that tremendous quantity of inferior blue which we have been forced to put on our floors, because it was too good to throw away, and which has always reduced the average yield of the really good blue of the Company and always made it apparently produce very much less per load than the really good ground of the Company will produce. All the stuff coming from underground we hope will be really good ground. I have also been asked many questions about a reserve fund being put by for this Company, and questions may be asked to-day. I will anticipate them by saying that the Directors feel that as long as they can keep putting a very large stock of blue ground on the floors it is the best way of investing their reserve fund. We have no actual cash reserve fund, but we have always treated it as invested in ground on the floors and I certainly think it is the best investment, because ground on the floors is always going through the process of weathering and really developing the resources of the Company; and as long as we can keep anything like 100,000 loads on the floors I think we are fairly safe without a very large reserve. That may be a subject afterwards for discussion. As regards amalgamation I should like to say a few words as to the difficulties which beset this Company in further amalgamations as well as in those which have already taken place, because I do not think these difficulties are altogether appreciated by the outside public. The first great difficulty is the impossibility of estimating what you are going to amalgamate with, or what practically you are going to purchase; because nearly all the companies with whom we now would try to make terms of amalgamation have a very large abutment on the main reef. In many cases we know and in other cases we imagine they may be very seriously affected by the encroachment of the rock, and when we come to consider that in underground working we may have to go down very shortly 500 or 600 feet and that the rock in some cases has encroached as much as 60 feet in the first 100 to our certain knowledge, it must be confessed it is a very dangerous thing to amalgamate with the fear that Companies' holdings may be reduced to one-half or even disappear altogether. Certainly the good claims of this Company will not be liable to the same average encroachment as most of the other Companies left in the Mine. That is one of the great difficulties. We have made offers (as was stated in our last annual report) to several smaller Companies; to the Schwab's Gully, at £8,000 a claim. An offer was also made to the Elma, which meant at the present time reckoning them at one-ninth of the present capital of our Company. These offers were declined, and although we may renew negotiations later on, I think the next proposals should come from them, and then the question of the rock or surveying at deep levels may be raised again by us. As regards the Victoria Company, a proposal was made for amalgamation, but in the first place it embodied a raising of our capital to an enormous extent. I for one confess I opposed it mainly for that reason. I think our capital is already rather too high, as shown by the present value of the shares, and I was very much opposed to raising it to something like double its present amount. A proposal was also made for amalgamation with the Victoria by Mr Lippert (Lippert & Co) which I was very much in favour of and still am. It was proposed to amalgamate for the purposes of permanent underground working at a distinct level below the present surface, leaving each of the two Companies to deal with the open working or with temporary underground working as they pleased; but that the whole Mine should be amalgamated at a depth of 500 or 600 feet, and an organised system of underground working be carried on from that depth, connected with the outside shaft, which is referred to in the Report and which for permanent underground works would be a desirable thing to have. I think I have said sufficient to point out the great difficulties on the point of amalgamation We have very wisely omitted from the Report any promise of dividends. The uncertainties of mining are so great that we made a little mistake last year in our Report. We led shareholders to hope they would get dividends and were unable to carry out our programme in its entirety. I think we have said sufficient in saying that in three or four months' time we hope to be in as good a position, if not a better, than we have ever been. As to the dividends of the past year, in addition to the 7½ per cent., you have received the bonus shares, *i.e.* the deferred shares which have already been distributed amongst you. At the market value, at actual intrinsic value, they represent a dividend of 5½ or 5¾ per cent. They represent profits devoted to the purchase of various properties, and if shareholders had sold their bonus shares they would have been in receipt of 13 per cent. in all for the year. The cost of production (including maintenance of machinery) has been reduced to 8s 1d. Last year it was 10s, showing a saving in the cost of production of 1s 11d. The saving is principally owing, of course, to the expenditure, which appears large, of £11,000 on the floor tramways; but I

think even in this one year the saving in the cost of production has nearly paid for these floor tramways. Another very useful work is the erection of a pulsator to which all the *residuum* of the washing machines is brought every evening and carefully locked up. We have only started it since the end of the year now under consideration, but we are distinctly beginning to feel the benefit of it already. The yield is very much better per load on the average and we do not pay so much percentage for sand as we did before. As regards the prevention of theft, the Company has paid out enormous sums for overseers, and (through the Mining Board) for the Searching System and so on. It is very difficult to estimate what is now being stolen; I must say I am afraid almost as much as ever there was. I think we must look not only to these things but to the extension of the Diamond Trade Act to deal with it. Companies can do a good deal I think in what is called mechanical prevention of theft, but we shall have to try and get all the support we can for the extension of the Act through the Colony. It seems to be the most important thing. In concluding my remarks I will merely call your attention to the fact that we have again before us many old and tried servants who have been with this Company so long; and it is to our holding together in the way we do, and not continually having to change about that the success of the Company is attributable. Although Mr English talked about wishing to be relieved last year, he has been with us up to within a fortnight of the end of the current year. Mr Andrew, the Chief Engineer, mentioned last time, is still with the Company; and we also have our Secretary. To these three gentlemen we owe more of the success of the past year's working than to any others. (Hear, hear.) I move the adoption of the Report and Statements.

Mr C R Gardner asked whether he was right in understanding that £7,000 worth of diamonds were shipped to London.

The Chairman: There were a great many more shipped during the year. That is the balance at the end of our year. There was then £6,500 outstanding as against diamonds in London.

Mr Gardner: One or two of the shareholders spoke to me outside, and the idea seems to be that it is far better to sell diamonds here. You will get more for them.

The Chairman said that from the end of October until the beginning of December £30,000 worth were shipped, of which £6,500 worth were now all that remained The nett proceeds were 2s per carat more than could have been obtained in the local market.

A VIOLENT SHAREHOLDER.

Mr Wm. Alderson then commenced to attack the policy of the Directors in reference to the purchase of the Frere, Australian Gully, and Eagle Companies, and became very violent and personal in his remarks. He was several times called to order. He threatened to call a special general meeting for the investigation of these matters.

THE SHAFT.

In reply to Mr Gardner the Chairman said the outside shaft, which is temporarily suspended, has cost £4,500 and not £10,000.

THE REPORT.

Mr L. Hoskyns seconded the motion for the adoption of the Report, which was carried unanimously.

ELECTION OF DIRECTORS.

The following were unanimously elected as the Directorate for the current year:— Messrs Compton, R. English, Morrogh, C. J. Rhodes, C. D. Rudd, Shiels, and Stow.

VOTE OF THANKS.

Mr T J Ball moved that a vote of thanks be passed to the Directors and the officers of the Company. Very pointed remarks had been made, insinuating want of confidence in the directorate. If they had no confidence in the Directors there was not much chance of the Company prospering; but he maintained Shareholders had that confidence and it should go forth to the world that they had accorded the Directors a very hearty vote of thanks

Mr Niud seconded and the motion was carried unanimously.

The Chairman said he might summarise all that Mr Alderson said with regard to the Australian Gully Company and the motives he imputed, by saying that the purchase was carried through entirely by himself (Mr Rudd). He neither consulted Mr Stow or Mr English. He weighed the *pros* and *cons* and communicated with Mr Rhodes. But the purchase was made by himself and no one else.

DIRECTORS' FEES.

The sum of £400, Directors' fees for the past year, was voted.

This concluded the business.

THE

DE BEER'S MINING COMPANY,

LIMITED.

Capital - - - £1,045,120.

IN £10 SHARES FULLY PAID UP.

SIXTH ANNUAL REPORT, MAY, 1886.

Chairman :

CHARLES DUNELL RUDD, Esq. M.L.A.

Directors :

Hon. C. J. RHODES, M.L.A.,
Mr. FRED. S. P. STOW,
Mr. ROBT. ENGLISH,
Mr. G. W. COMPTON,
Mr. JOHN MORROGH,
Mr. HARRY MOSENTHAL.
Mr. THOS. SHIELS.

Manager :

Mr. JOHN MORROGH.

Secretary :

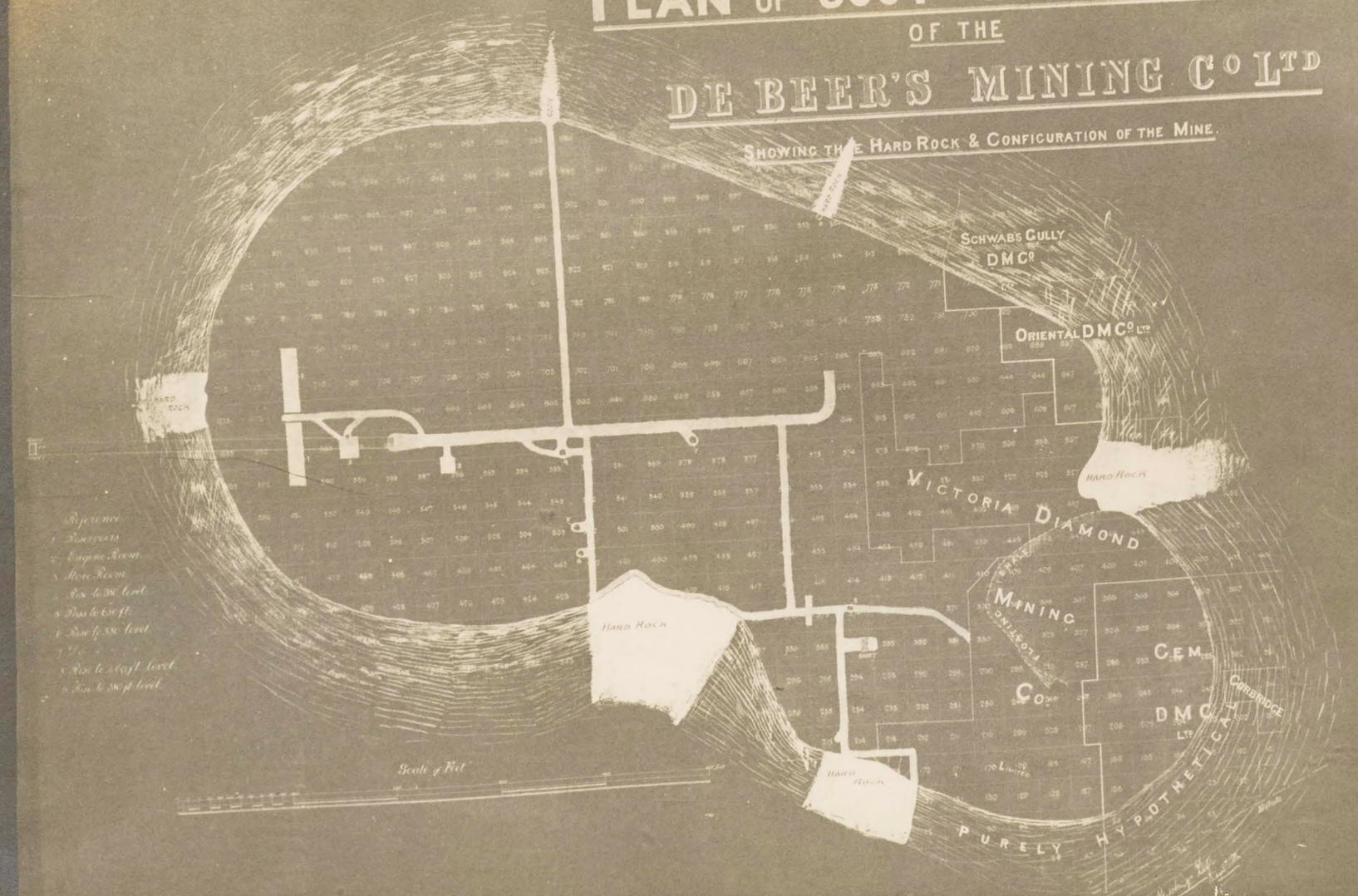
Mr. NEVILLE E. PICKERING.

Head Office: De Beer's, Kimberley, Griqualand West.

KIMBERLEY:
W. ROPER (LATE RADFORD AND ROPER), PRINTER.
1886.

PLAN OF 500 FT. WORKING LEVEL
OF THE
DE BEER'S MINING Co LTD

SHOWING THE HARD ROCK & CONFIGURATION OF THE MINE.



Photographed by T. McKNAUGHT, Kimberley.

REPORT OF THE DIRECTORS

OF THE

De Beer's Mining Company, Limited,

For the Year ending 31st March, 1886.

TO THE SHAREHOLDERS.

GENTLEMEN—

Your Directors beg to submit their Report on the affairs of the Company with a Statement of Accounts for the year ending 31st March, 1886, showing after the payment of dividends a balance of profit, together with the amount brought forward from last year, of £114,352 3s. 7d.

The actual expenditure on Blue Ground has been £140,270 12s. 5d.; and the Revenue from this source £323,499 7s. 2d; to which must be added the actual cost of depositing on the floors the excess over last year of Blue Ground, viz., 92,342¼ 16 cubic feet loads at 3s. 9d.—£17,314 3s 5d.; less the shortfall caused by the reduction in quantity of Cylinder Screenings, viz., 26,310 16 cubic feet loads at 1s. per load, £1,315 10s., leaving a gross profit for the year, including sundry other receipts, of £199,237 6s. 10d., which has been appropriated in the following manner:—

Payment of Dividends	£121,814	8	0
Removal of F. and Main Reef and Debris	51,176	5	2
Amount written off Machinery and Property for depreciation and wear and tear	6,055	19	4
Outside Shaft	5,221	1	0
	184,267	13	6
Carrying forward for the year a nett profit of ..	14,969	13	4
	£199,237	6	10

BLUE GROUND.

The balance of Blue Ground on the floors now stands as under:—

Blue on floors 31st March, 1885		138,318—16	cubic feet loads.
Do. hauled during past year		391,749¼	„ „ „
		530,067¼	„ „ „
Do. Washed during past year	331,312		
Less for reduction to Mine loads	31,905		
		299,407	„ „ „
Balance on floors 31st March, 1886 ..		230,660¼	„ „ „

A Table giving details of the Hauling in each month of the past year is attached to this Report, as also a statistical table giving the figures of more special interest since the formation of the Company, and illustrating its progress from year to year. This table shows a very large increase in the yield per load, but a much lower value per carat; this your Directors think is partially accounted for by the larger return of small and defective diamonds, since the successful adoption of a central pulsating machine; but in order to satisfy themselves of the actual return to be expected from unmixed deep ground, an experiment was made with 10,080 loads excavated from the under-

ground galleries in about the centre of the Mine at a depth of 380 feet. This ground has been kept entirely separate from all other Blue on the floors, and during the time it was being washed, all other washing operations were suspended. The following table shows the result, which must be considered highly satisfactory:—

RESULT OF EXPERIMENT ON 10,080 LOADS.

	Carats.	
Diamonds found in Excavating	16	
„ „ „ Opening out loads on floors ..	223	
„ „ „ breaking up „ „ ..	534	
„ „ „ Harrowing, Watering, &c. ..	78	
„ „ „ Loading up from floors ..	319	
„ „ „ First Sorting after washing ..	11,424	
„ „ „ Second Sorting and fine sand..	2,471	
„ „ „ Final Sorting on per centage...	209	
Total Actual Finds		15,274
Cylinder Screenings from above re-deposited on Floors which, at average yield 2-5ths carat per Load, would return		774
Giving total return for 10,080 Loads		16,048

WEST END SLIP.

The enormous slip of Ground from the west end of the Mine, which occurred on the last day of the previous year was steadily dealt with for over four months, as shown by the hauling table, at a cost of over £35,000, and though this expense entailed the sacrifice of one quarter's Dividend at the time, your Directors have been able, and have thought well, to make up this deficiency in the quarter just ended.

DEAD WORK.

A quantity of Floating Reef, Main Reef, and Debris, hauled during the year, has exceeded that of any previous year, and your Directors cannot hold out any hopes of a decrease in this respect, as it appears to them that the only way to ensure regular dividends, is steadily to deal with anything which is, or threatens to become, an obstacle to excavation of Blue Ground.

MACHINERY, PROPERTY, &c.

A very large amount has been spent in maintaining this in a high state of efficiency, but it has still been thought well to write off an amount of £6,055 19s. 4d., reducing this item to £50,768 9s. 1d.

Three new items appear in the Balance Sheet this year, viz., Barracks for Convict Labour on the Floors, Compound for Free Boys at the Mine, and a sloping shaft to a vertical depth of 520 feet, at the west end of the Mine. The latter is now in work, and appears likely to prove a great success, though it cannot be looked upon as a permanent work, and probably the construction of more permanent access to deep workings will engage your Directors' attention during the ensuing year.

UNDERGROUND WORKING.

During the past year levels at 380 feet and 500 feet have been thoroughly opened up, and over 100,000 loads have been excavated and hauled from the upper one; it is proposed now to commence work in a section of the lower one, but underground mining in blue ground has been so far experimental, and as there can be no doubt that the carrying on of such work with safety and success depends to a great extent on the consolidation of all holdings in the Mine, your Directors do not purpose pushing this work as long as a fair output is available in the open, and with a view to the continuance of this output, they contemplate carrying on steady work on the Reef at the South side of the Mine. At the same time an output of from 1,500 to 1,800 loads a day, from underground, is provided for in case of any temporary stoppage of the open workings.

WATER.

The supply of water in the Mine has been tolerably uniform, and its removal has been successfully carried out, the Victoria Company assisting during the time our Reservoir was covered by the West End debris.

AMALGAMATIONS AND INVESTMENTS.

Your Directors are as keenly alive as ever to the benefits which would arise from, if not the absolute necessity before long for, a general amalgamation of all holdings in the Mine. Their energies have been continually directed to this object, and progress has been so far satisfactory, that since the closing of accounts they have been able to submit to you provisional agreements with the United and Elma Companies, which agreements you have sanctioned.

We have also purchased from Messrs. Cotty and Bosman 5½ claims on joint account with others, and capitalisation of your 4-5th share in the same has also had your sanction.

Fair offers have also been made to other Companies, which will, we trust, lead to some agreement with them before long.

Under powers vested in them by the Trust Deed, your Directors have thought fit to accept cession of a Bond for £21,500 over the property and assets of the Gem Diamond Mining Company, from Mr. Beit, and this loan forms a satisfactory investment for surplus funds pending the payment of Dividends.

MINING BOARD.

The De Beers Mining Board continues in its usual satisfactory condition financially.

PLAN OF THE MINE.

Attached to this Report is a Plan of the Mine, showing the area and configuration as far as known at 500 feet deep; as also the various headings and shafts driven for working and ventilating purposes at that level. The plan shows the rock where actually known, the remaining lines being merely approximate, and at the south-east of the Mine (where no prospecting has been carried out), purely hypothetical.

In conclusion your Directors beg to refer you to the Statement of Accounts herewith.

C. D. RUDD,
JOHN MORROGH,
G. W. COMPTON,
HARRY MOSENTHAL,
} Directors.

Kimberley, 3rd May, 1886.

HAULING FOR THE YEAR ENDING 31ST MARCH, 1886.

Month.	Blue Ground. 16 cubic feet loads.	Floating Reef. 16 cubic feet loads.	Main Reef & Stones. 16 cubic feet loads.	W. E. Slip. 16 cubic feet Loads.	Total.
1885.					
April	718	,,	,,	29,102	29,820
May	618	,,	,,	109,584¾	110,202¾
June	14,409	2,157¾	,,	100,406¼	116,973
July	35,900¾	,,	680¾	91,462¼	128,043¾
August	28,471	,,	758¼	37,917½	67,146¾
September	27,865	,,	497	32,604¼	60,966¼
October	53,083	1,305	641	18,217¾	73,246¾
November	51,045	2,696	1,006½	21,029	75,776½
December	52,398½	11,554	1,491	17,645	83,088½
1986.					
January	51,266½	19,634	1,348	8,579	80,827½
February	28,745	14,582	,,	1,701	45,028
March	47,229½	42,951	,,	,,	90,180½
Total	391,749¼	94,879¾	6,422½	468,248¾	961,300¼

TABLE OF STATISTICS OF THE

DE BEER'S MINING COMPANY, SINCE ITS FORMATION IN 1880.

Year ending 31st March.	Number of loads of "Blue" hauled.	Number of loads of "dead" ground hauled.	Number of loads of "Blue" washed.	Number of Carats of diamonds found.	Amount realized by sale of diamonds.	Number of Carats per load of "Blue."	Amount realized per Carat sold.	Amount realized per load.	Balance of Blue on Floors at end of year.	Dividends paid during year.	Cost of production per load.	Capital of Company during year.
1881	73,642	50,000	73,642	51,682	62,367 17 4	·700	24/1	16/11	Nil.	11,600=5½ %	,,	£200,000
1882	99.439	96,731	96,439	76,859	104,552 8 8	·797	27/3	21/8	3,000	19,966=3 %	13/2	£665,550
1883	179,785	143,369	166,136	149,396	158,675 4 3	·895	21/3	19/1¼	16,649	37,714=5⅔ %	11/9½	£665,550
1884	220,046	204,977	173,666	177,246	198,268 12 9	1·02	22/5	22/10	63,029	52,148=7 %	10/	£755,120
1885	398,613¾	427,215	323,324¾	278,018	287,469 15 7	·859	20/8	17/9	138,318	62,666=7½ %	8/1	£841,550
1886	391,749¼	569,551	299,407	† 395,001	323,499 7 2	1·319	16/4½	21/7	230,660¼	121,814=12 %	8/3½	£1,045,120
Total	1,363,275	1,491,843	1,132,614¾	1,128,202	1,134,833 5 9	·906	20/1⅛	20/	230,660¼	* 305,908=40 1/6		‡ £1,265,620

* In addition to above dividends nearly 20 % has been distributed in bonus shares.

† Including diamonds in matrix (specimens) estimated weight 381½

‡ Including amalgamation and capitalization confirmed at Shareholders meeting 30th April, 1886.

The De Beer's Mining Company (Limited).

BALANCE SHEET, 31st MARCH, 1886.

LIABILITIES.

To Capital Account, 104,512 Shares of £10 each		£1,045,120	0 0
,, Bills Payable		13,158	9 0
,, Unclaimed Dividend Account:—			
Cheques outstanding	£7,116 8 0		
Dividend of 6 per cent declard 31st March, payable 8th April, 1886	62,707 4 0		
		69,823	12 0
,, Commission in Suspense		1,500	0 0
,, Creditors:			
Standard Bank, for advance on 20,282 cts. of diamonds, value £23,890 3s. 10d., per contra sent to I. and C. Exhibition	£20,000 0 0		
Cape of Good Hope Bank, for a loan, for the purpose of the advance made on Bond of the 'Gem' D.M. Co., £21,500 contra	20,000 0 0		
,, Sundry Accounts outstanding	7,501 2 10		
		47,501	2 10
,, Balance of Profit and Loss Account		114,352	3 7
		£1,291,455	7 5

ASSETS.

By Claims Account		£1,060,267	5 5
,, Machinery, Property, and Plant		50,768	9 1
,, Office Furniture		287	18 6
,, Convict Barracks		3,000	0 0
,, Compound for Free Natives		2,400	0 0
,, Shaft to Underground Workings:— (Amount expended to date)		8,116	9 0
,, Claim Investments:— Purchases of Claims in De Beer's Mine		7,798	7 7
,, Bond by 'Gem' D. M. Co. to A. Beit, and by him ceded to this Company, covering their block of Claims, Machinery, and Plant, together with that Company's claim, £22,046 9s. 10d., against the Kimberley Mining Board		21,500	0 0
,, Stock of Coal		8,764	9 8
,, Stock of Blue Ground:— 230,660¾ 16 cubic ft. loads		41,519	16 5
,, Stock of Lumps:— 18,384 16 cubic ft. loads		919	4 0
,, Sundry Debtors		119	2 5
,, Diamonds shipped to London (20,282 carats)		23,890	3 10
,, Diamonds in hand (11,580½ carats) valued at *(Since sold for £11,175.)*		11,000	0 0
,, Cash at Bankers:—			
Cape of Good Hope Bank	£31,346 17 10		
Standard Bank	19,757 3 8		
		51,104	1 6
		£1,291,455	7 5

C. D. RUDD, Chairman.

H. I. FELTHAM, Acting Secretary.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company (Limited), and that the above Statement is true and correct.

W. H. CRAVEN,
H. F. E. PISTORIUS, } Auditors.

De Beer's, Kimberley, 3rd May, 1886.

The De Beer's Mining Co. (Ltd.), Profit & Loss Account from 1st April, 1885, to 31st March, 1886.

DR.

Advertising and Stationery Account	£520	2	6
Auditors' Fees (for 1884, and ¾ of 1885)	255	0	0
Air Shafts Account	201	5	0
Bonus Account	400	0	0
Charges Account	601	6	8
Claims Investment Account	6,573	18	2
Contractors Account (Blue Ground)	34,463	0	6
Convict Labour Account	3,987	17	11
Convict Barracks	216	0	5
Convict Barracks (Maintenance of)	79	4	3
Dividend Account	121,814	8	0
Development Account (of workings at 500 feet Level)	3,169	15	3
Debris Account	424	17	1
Deals Stock Account	37	15	7
Floating Reef Account	9,960	13	5
Fuel Account	11,911	4	10
Interest and Discount Account	1,153	16	10
Independent D. M. Co.	316	10	0
Jones' Shaft No. 1	1,028	6	2
London and S. African D. M. Co.	132	5	0
London Office	53	13	0
Lumps on Floors:—			
Balance at Mar 31. '85, 44,694 16c.ft.lds.			
,, ,, '86, 18,384 ,,			
Decrease .. 26,310 do. at 1/-	1,315	10	0
Machinery and Plant Account (depreciation)	6,055	19	4
Maintenance of Machinery	10,909	0	8
Maintenance of Crusher	220	13	4
Main Reef Account	754	11	4
Main Reef Special Account		11	6
Oats & Co.	1	7	4
Produce Account	3,154	11	8
Property Account	774	8	4
Prospecting Account	398	0	11
Plans and Survey Fees Account	627	6	0
Rates, Licences, Taxes, &c.	10,467	17	5
Reservoirs-on-Floors	111	7	0
Salaries Account	6,310	18	3
Searching System	442	10	5
Sanitary Department	540	18	6
Shaft Account (outside Mine)	5,221	1	0
Special Output Account	6,399	9	2
Detective Department	66	5	0
United D. M. Co., (for Wages &c. paid but not distributed	953	18	0
Underground Works	3,569	4	7
Workshops	52	5	6
Commission to Fine Sand Sorters	2,142	14	1
Wages Account	19,835	10	9
Water Account	3,198	10	9
Water Contract	1,319	17	10
West End Slip	35,383	11	10
West End Compound	729	11	4
Contract Work on Floors, Filling Tramming &c.	6,279	13	6
Balance of Profit	114,352	3	7
	£438,890	9	6

CR.

Balance brought from last year	98,067	0	3
Sundry small Balances written off	9	18	8
Blue Ground on Floors:—			
Balance at Mar. 31, '86 230,660¼ 16cft.lds.			
do. '85 138,318 ,,			
Increase .. 92,342¼ do. at 3/9	17,314	3	5
Diamond Account:—			
Diamonds found during year 395,001 cts.	323,499	7	2
	£438,890	9	6

C. D. RUDD, Chairman.

H. I. FELTHAM, Acting Secretary.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company (Limited), and that the above Account is true and correct.

W. H. CRAVEN,
H. F. E. PISTORIUS, } Auditors.

De Beer's, Kimberley, 3rd May, 1886.

De Beer's Mining Company, Limited.

ANNUAL GENERAL MEETING.

Reprinted from the "Diamond Fields Advertiser," May 4th, 1886.

The annual general meeting of the shareholders of this Company was held on Monday afternoon in the Company's offices, De Beer's, for the purpose of adopting a general statement of and report on the affairs of the Company, made up to and including the 31st March. The advertisement calling the meeting also stated: "The election of Directors and Auditors for the ensuing year will then be proceeded with, and (as already advertised) certain proposed alterations in the Trust Deed will be submitted for approval, for the purpose of providing for the transfer and registration of shares in London."

There were present:—Messrs. C. D. Rudd, M.L.A. (Chairman), Mosenthal, Compton, Morrogh, Reuner, H I Feltham (Acting Secretary), Slatter, Shiels, Woolf Joel, Phillips, T. R. English, W. Beeby, Matthews, Gardner, Nind, Carlisle, A. Beit, Sim, Rowe, Murray, H. B. Hart, and S. Dallas.

The minutes of the last general meeting, and also of special meetings of shareholders, having been read and adopted by the meeting,

The Chairman said that before reading the report of the directors to the shareholders for this year, he had to apologise on behalf of the directors and the Acting Secretary for the fact that the report had not been in the hands of shareholders at any rate one week prior to the date of the annual meeting. A wish was expressed at the last annual general meeting that this should be done, and it was the desire of the directors that that wish should be carried into effect. But owing to the extraordinary pressure of work and the immense growth of the Company, it had been found absolutely impracticable. The shareholders were aware that there had been two shareholders' meetings within the last month, and that there had been a distribution of dividend, and most of those present would be aware that the transfer work had been very much heavier than usual. Therefore, the comparatively small staff, the illness of the Secretary, and other things had absolutely prevented a possibility of having the report ready before that day; in fact, they had had the greatest difficulty in getting it ready that day.

The annual report and other documents were then read by the Chairman, and from these we take some of the most interesting items. The balance of profit, together with the amount brought forward from last year was £114,352 3s 7d. The actual expenditure on blue ground had been £140,270 12s 5d, and the revenue from that source was £323,499 7s 2d. After deducting all expenses the gross profits for the year were found to amount to £199,237 6s 10d, which had been appropriated in the following manner:—Payment of dividends, £121,814 8s; removal of floating reef, main reef and debris, £51,176 5s 2d; amount written off machinery and property for depreciation and wear and tear, £6,055 19s 4d. Outside shaft, £5,221 1s. Total, £184,267 13s 6d, carrying forward for the year a net profit of £14,969 13s 4d. The quantity of blue ground hauled during the year was 391,749¼ loads, and the amount washed during the year was 331,312 loads. A table was attached to the report giving some highly interesting figures showing the progress made by the Company since its formation, from which it was seen that the number of loads hauled since the formation of the Company was as follows:—

1881	... ...	73,642 loads.
1882	... ...	99,439 „
1883	... ...	179,785 „
1884	... ...	210,146 „
1885	... ...	398,630¾ „
1886	... ...	391,949¼ „

being a total of 1,363,275 loads. The number of loads of dead ground hauled since the formation of the company was 1,491,843 loads (over 50,000 in 1881, and 569,551 in 1886) In 1881, 73,642 loads of blue were washed, in 1886 the quantity had reached 299,407 loads, and the total was 1,132,614¾ loads. In 1881, 51,682 carats (realising £62,367 17s 6d) of diamonds were found, and in 1886 the quantity was 395,001 carats, realising £323,499 7s 2d. The proportion of diamonds found per load was in 1881, ·700, and in 1886 it had reached 1·319. The average amount realised per carat during the six years was as follow:—1881, 24s 1d; 1882, 27s 3d; '83, 21s 3d; '84, 22s 5d; '85, 20s 8d; and '86, 16s 4½d. The amount realised per load was—'81, 16s 11d; '82, 21s 8d; '83, 19s 1¼d; '84, 22s 10d; '85, 17s 9d; and '86, 21s 7d. The dividends distributed were—

1881—£11,600	... ...	5 per cent.
1882— 19,966	... ...	3 „
1883— 37,714	... ...	5⅔ „
1884— 52,148	... ...	7 „
1885— 62,666	... ...	7½ „
1886—121,814	... ...	12 „

(Loud applause). The total dividends paid

amounted to £305,908, equal to 4⅛ per cent. In addition to the above dividends nearly 20 per cent. had been distributed in bonus shares. The cost of production per load had been, in

1882	13s 2d
1883	11 9½d
1884	10s
1885	8s 1d
1886	8s 3½d

(Applause). In 1881 the capital of the Company was £200,000, in 1886 it stood at £1,045,120, and, with the amalgamations that have been formed by the shareholders, the capital now stands at £1,259,020.

The Chairman: Before formally moving the adoption of this report I wish to make a few comments on the reports and figures themselves; also a few general remarks on the position of the Company. I think the most interesting feature to shareholders, at any rate to those shareholders residing at a distance, would be this table setting forth the progress of the Company since its formation. With reference specially to this year, you will notice that we have hauled somewhat less than last year. This is accounted for in the "hauling" table by the fact that in the month of April we only hauled 718 loads, and in the month of May only 618—that was the time when our claims were entirely covered by the west end slip—and we had no means of hauling at that time any portion of our ground. The number of loads of dead ground hauled this year shows a very considerable increase, and, as the report says, I fear it must be expected that the number will increase as the mine deepens. We have hauled 569,551 loads at a slightly larger cost than last year, but this is accounted for by the fact that last year the cost of hauling this dead work was put down at the actual wages and fuel; whereas, this year, we have thought it only right to add a small proportion of what we call "establishment charges" to the dead work. It really ought to appear at its full proportion, but looking through the "establishment charges" you will see that we have only put in a very small proportion, making it cost a penny or a penny half-penny per load more than last year. The number of loads of blue ground washed has been considerably less than last year, and I think it is very satisfactory to note that although the number is so much less, yet the quantity of diamonds found has been vastly greater. The directors have always held that the pure deep ground of De Beer's would give a carat and a third per load, and I think both the general return of this year and the special table of our experimental 10,000 loads hauled from underground, fully bear out the directors in their forecast. For a considerable portion of the year the yield from each load was considerably over a carat and a third; but during the last month or two we have been washing a large quantity of ground—70,000 loads—which was blasted down from a piece of high ground at the West End, and which has reduced the average; but it is still only a fraction below the carat and a third for the whole year. The price per carat appears very small indeed in comparison with other years; this is partially accounted for in the report; and, of course, although we have had very good prices for the diamonds, comparatively speaking, during the latter part of our year, which ended on the 31st March, we had exceedingly low prices for the six months before that, and I don't think the average of diamonds has been so good during the last year as during the previous year. The realisation per load is slightly above the average of other years, and it is a curious thing that this table indicates that the statistics, on nearly a million and-a-half of loads washed, show that the average realisation per load since the formation of the Company, is exactly 20s. You will also note with great satisfaction that the Company has on the floors now a much larger stock of blue than it ever had—230,660 loads. I mentioned to you last year that we had not a cash reserve fund in this Company, because we always considered that, say, 100,000 loads of blue on the floors represented an ample reserve fund. At the present time we have a much larger amount than that, and, at this point, I should like to explain, especially for the benefit of those shareholders who do not live on the Diamond Fields, what the value of that ground on the floors is; because I was asked by a gentleman in Capetown why our ground on the floors was so very poor He remarked: "You put it down as only worth 3s 6d; it must be very poor at that." But you know here we take it at the actual value it costs us to put it down; but for the benefit of absent shareholders I would mention that the 230,660 loads which we had on the floors on the 31st March, on the basis of the value for last year—deducting the proportion which would have come out of that ground after pickings in the mine and pickings on the floors, and allowing for the actual cost of washing—the net value of that ground to the Company was £176,000. There is another item in this table which, I think, should be very satisfactory to the shareholders, and that is the steady falling during each succeeding year in the cost of production. It is true that this year it shows an increase of 2½d a load over last year; but, against that, we have the extra expense entailed by hauling about 110,000 loads from underground; and I may tell you we have thought fit to write off against production the whole of our expense of opening up the mine, underground, for driving and for the shaft—everything in connection with the underground works has been charged against the cost of production this year; so that I think the extra cost of 2½d over last year is satisfactorily accounted for. I would like now to refer to the machinery and property account. This stands at some £4,000 less than last year The expenditure on new machinery this year has not been large—a 25 h.p. engine and a few other things—but

we have thought it wise to reduce it by £1,000, and it figures at £50,768, which I think you will all allow is a comparatively small machinery account for such an enormous capital, as compared with other mines—a little over £50,000 against a capital of £1,200,000 There are 3 items now appearing in the balance sheet under this head There is first the balance for convict labour on the floors. And perhaps I might make a few remarks on the convict labour employed. We hold this, that the convict labour is not very much cheaper than free labour but we certainly have the advantage of a guaranteed supply, and also we think we have a little more check over the stealing of diamonds At any rate it affords a guaranteed supply and I think we may say it has worked very satisfactorily for the Company. As I have said we have also a certain amount of check on the stealing of diamonds, at least we hope so, although I must confess that we know stealing to be still a very serious item in a large Company like this. For somewhat the same reason, that is to say, to try and get some check over the stealing, and also because the compounds for our free natives were so scattered about the camp, we have built this large compound close to the mine. Owing to various amalgamations including the Eagle, the Frere and other Companies, we have acquired Kafir compounds all over De Beer's in various directions. It was found impossible, both for the good of the natives and the contractors, that that system of compounds scattered all over the Camp should go on. We, therefore, thought it better to concentrate the whole of our working boys in the mine into this one compound. Of course, I do not suppose this is a proper place to touch on the compound system, as from a political platform, but I may say that the compound is built as a tentative institution. As we go on, by experience we must see what assistance we as a mining company get from the outside public of all denominations to prevent stealing, and we must act according to what we find to be the actual state of affairs and the amount of assistance rendered us. Of course, if the Diamond Trade Act is to be abolished, as some say, and if we are to be legislated out of our compounds, powerful companies like this will have to protect themselves. Those who advocate such things, certainly do so in opposition to the interests of the trade in the place and in opposition to the interests of the smaller companies (hear, hear). Because if they once force the large and powerful companies like ourselves to protect ourselves, then they are choosing the shortest road to unification, which they all dread (applause). I have said that this compound will be carried on by us as we may find it necessary from time to time. The directors have not made up their minds at all in what way it will be carried on, but you may rest assured that I, as a mercantile man, and many other of the directors, will, as far as is compatible with the interests of the mine, do our best to forward the interests of the general community of Kimberley (applause). The third item under the head of machinery is the sloping shaft. This was commenced just about the beginning of our last year—April, 1885—and it has actually been completed so that it began hauling on the first day of this year. I think we may say that as a partially permanent means of output it is a thoroughly successful one; and what I think we are all proud of is the tipping apparatus at the head—invented by our Engineer, Mr. Andrew. It is really as nice a piece of machinery and as sweet a working specimen of mining plant as can be seen in any part of the world. We are also very well satisfied with one of our small hauling engines put round there, and which hauls with great ease a 32ft. tub ot the rate of 30 or 40 per hour; so that we are prepared, if necessity calls upon us, to give an output of at least 1,200 or 1,400 loads a day from this shaft. The Directors have foreshadowed in their report the possibility of having a more permanent means of access to the deep workings. I am strongly in favour of having an extra string to our bow with regard to underground works. I think myself that we should have a second sloping shaft: but I should personally prefer, now, to sink a vertical shaft through the rock—although not so large a one or so far from the mine as we originally considered necessary. Looking to the other mines, to the Central Company in Kimberley Mine, for instance, we cannot but think that they are in the strongest position with their rock shaft. It does appear likely as we go deeper into this mine that a shaft in the rock will be absolutely necessary, and I think we should feel the cost of such a work less if we took several years to construct it. In my opinion it ought to be started during the current year—that is my private opinion, I do not speak for the general directorate. With regard to underground working, on reading their last report or two of the directors, it will be seen that we have somewhat modified our views. It was at one time thought that underground workings were a necessity, and the abandonment of open workings was thought of. But the directors have modified their views. Difficulties so great have been encountered in the underground workings, especially in separate holdings, that we are determined to devote a certain proportion of our profits every year to making the reef safe and trying as long as we can to continue the output from the open (hear, hear). I do think that the mine, as one holding, will require an organised systematic plan of underground working, one that will be successful and safe, and that such will be adopted, but there is no doubt about it that the underground workings at the present time, with separate holdings, are especially objectionable from the fact that so many men must, as time goes on, incur the risk of losing their lives in these works. I need hardly say anything on amalgamations and investments. They have been fully dealt with in the report. As regards investments, I need not refer to the investment in Cotty and Bosman's, nor need I refer to the investment bond from Mr. Beit over the

Gem Company's assets and property. There might be questions which you would like to ask as regards that, and I will leave that to any shareholder who wishes to put a question on the subject. A plan of the mine had been prepared showing the underground works at 500 feet as far as we have opened them up, and also showing the rock. A plan was furnished to the shareholders last year of the actual surface area of De Beer's Mine, but we thought a plan at the 500 feet level would be interesting to them this year. This plan will be photographed and placed in the annual report for the year. There is one other important matter upon which I would like to say a few words, that is the establishment of a share registry in London. It has been talked of for a long time by the directors, and has been adopted at a meeting of shareholders, but nothing has been actually done. On the representations of many of our large shareholders, however, it has been determined to push the proposal to a conclusion, and I shall presently put before you some necessary alterations in the Trust Deed, to enable us to deal, for one thing, with the number of directors of the Company. We shall require to have two directors resident at Home, and it will therefore be desirable to increase the number of directors. With this object, and in placing before you these amendments in the Trust Deed, I will explain what the directors propose a little more fully. I should also mention, in connection with the establishment of a Share Registry at Home, that we have arranged with our bankers for dividends in future to be paid at par in London to shareholders resident there or any other part of Europe. I now beg formally to move the adoption of the report and statements of accounts.

Mr. Nind said he had much pleasure in seconding the adoption of the report, and in doing so he should like to make a few remarks. There were two points which stood out very prominently before all of them. From what they had heard in the reports and from what had dropped from the Chairman, it was evident that there had been a greatly increased yield. Shareholders up here also knew that it had been the custom hitherto, and correctly so, to look upon the Kimberley Mine as the richest mine in the world. He thought now they could confidently say to the shareholders in this mine (De Beer's) that it was quite as rich as Kimberley Mine. The average yield of Kimberley Mine was admitted by all those interested in Kimberley to be a carat and-a-half per load. The average yield in De Beer's, notwithstanding that they were raising a very large quantity of poor ground was 1·31 per load, that was close on one carat and-a-third. As had been explained, the yield from 10,000 loads of pure blue ground was one and-a-half carats per load. Every shareholder could congratulate himself on the fact that he owned a portion of a property which was equally rich with the great Kimberley Mine. There was another point he should like to refer to, and that was that this time last year the De Beer's Company was in a very different position from what it was this year. They had then to commence their sloping shaft, which was now completed, and they knew now that, supposing a great fall of reef should take place, the Company was in a position to keep up its output of blue for a very considerable length of time, and without much increased expense. That, he thought, was a very important point (hear, hear). They had heard from the Chairman that the directors had decided to put away a certain amount of money every year out of the Company's earnings towards working off the reef. He thought that was a most admirable plan; he was very much pleased to hear of it, and he was sure that shareholders at a distance would also be very pleased to learn that this was being done (hear, hear). As regarded underground working, he quite agreed with the Chairman that the general expectations had been somewhat modified as compared with last year's ideas respecting it. There were many difficulties not anticipated a year ago which were now cropping up; and which had been exemplified in Kimberley as well as De Beer's. He thought it would take a long time yet before they could depend altogether upon underground workings, and he thought the directors were very wise indeed in trying to do away with the reef and to maintain open workings (applause).

The motion was then put to the meeting, and carried unanimously.

Mr. Henry Mitchell called attention to a report current respecting an anticipated fall of reef. That report had been circulated very widely, but from what he could gather it was entirely without foundation.

The Chairman said he had intended to refer to this, but it had escaped his memory. He believed this and another report had affected the value of shares. As regarded the reef to the east and north-east of the mine, at the time of the collapse of the Schwab's and Oriental and part of the De Beer's Companies' galleries, there was a sympathetic movement of the reef, and some cracks showed slight signs of opening again. He, personally, placed two gauges on the reef; for about thirteen or fourteen days a very slight movement did take place, but that had now entirely disappeared. The opinion of practical miners was that this reef, forming as it did, an arch, had locked itself, and no further movement would take place. That was all he could tell them from his own personal knowledge; to prophecy for the future was perfectly useless, as the most unexpected things did happen. At present there was no other movement in the east and north-east, but even if it did come down it could not possibly stop the whole of their open workings, and it would be a mere question of taking out from the bottom of the mine instead of, as perhaps they should eventually do, from the top. He wished to say, also, that it was perfectly unfounded that the dead ground from the West End was making on the good ground in the Mine. He could tell them that the good

ground from the centre of the Mine was distinctly making on the West End, and ground taken out of galleries which would not have paid a shilling a load on the surface would now go £1 per load (applause).

On the motion of the Chairman, seconded by Mr. A. Beit, £100 in cash and 25 loads of blue ground were voted as a contribution from the Company to the Committee of the Indian and Colonial Exhibition.

On the motion of Mr. C. R. Gardner, seconded by Mr. Patrick Sim, the following gentlemen were elected to the directorate for the ensuing year: Messrs. Rudd, M.L.A., C. J. Rhodes, M L.A., English, Compton, Morrogh, Stow, Mosenthal, and Shiels, and two London Directors, Messrs. T. Wernher and T. Rudd.

Some discussion took place respecting the amendments required in the Trust Deed consequent on the alteration and enlargement of the Directorate, and it was resolved to refer this matter to the Directors for counsel's advice, the difficulty being whether such amendments could be adopted at the annual general meeting of shareholders instead of at a special meeting.

Mr. Slatter moved and Mr. Van Beek seconded that Messrs. Feltham and Craven be re-appointed auditors and that Mr. Feltham (Acting Secretary) have power to appoint Mr. Pistorius to act in his place.

Mr. Nind moved a hearty vote of thanks to the Directors for the successful way in which they had carried on the Company during the past year, and also that the usual bonus of £400 be voted to them. (Applause).

Mr. Carlisle seconded, and the resolution was unanimously adopted.

Mr. Saalfeld moved and Mr. H. B. Hart seconded a motion that Mr. Andrew, Resident Engineer, Mr. Jones, Consulting Engineer, Mr. Feltham, Acting Secretary, and Mr. Grimmer, Assistant Secretary, receive the thanks of the shareholders for the faithful and zealous manner in which they had discharged their duties and that the Directors be recommended to award them a bonus. (Applause).

The Chairman warmly eulogised the services of the officers of the Company and the resolution was heartily adopted.

A vote of thanks to the Chairman brought the proceedings to a close.

THE

DE BEER'S MINING COMPANY,

LIMITED.

CAPITAL - - £1,265,620.

IN £10 SHARES FULLY PAID UP.

SEVENTH ANNUAL REPORT, MAY, 1887.

Chairman.

HON. CECIL JOHN RHODES, M.L.A.

Directors.

MR. C. D. RUDD, M.L.A.,
MR. F. S. P. STOW,
MR. R. ENGLISH,
MR. G. W. COMPTON,
MR. J. MORROGH,
MR. THOS. SHIELS,
MR. H. MOSENTHAL,
MR. C. E. NIND.

Secretary.

MR. H. I. FELTHAM.

Sub-Secretary.—London.

MR. E. R. TYMMS.

Head Office: De Beer's, Kimberley, Griqualand West.
London Transfer Office: 16, Holborn Viaduct, E.C.

LONDON:

WORRALL AND ROBEY, PRINTERS, 137, Fenchurch Street, E.C.

1887.

REPORT OF THE DIRECTORS

OF THE

De Beer's Mining Company, Limited,

For the Year ending 31st March, 1887.

TO THE SHAREHOLDERS.

GENTLEMEN—

Your Directors have much pleasure in submitting their Seventh Annual Report, shewing a result which they trust will be regarded as satisfactory.

Following, for the sake of facility of comparison, the form of the last year's Report, they would observe that the Balance Sheet and Statement of Profit and Loss now submitted, show a balance of profit, after the payment of Dividends, of £179,086 13s. 5d., being an increase on the year of £64,734 9s. 10d.

The expenditure on Blue Ground has been £218,690 12s. 4d., and the revenue from this source £517,103 18s. 4d., to which must be added the actual cost of depositing on the floors, the excess of Blue Ground and Cylinder Screenings, viz., 57,473¼ 16 cubic feet loads of the former, at 3s. 9$\frac{7}{11}$d. per load, equal to £10,928 12s. 6d., and 24,314 loads of the latter at 1s. per load, equal to £1,215 14s. 0d., leaving a gross profit for the year, including sundry receipts, of £310,595 12s. 3d., which has been thus appropriated, viz.:—

Payment of Dividends (16 per cent.)	£199,349	4	0
Removal of Reef and Debris	41,964	5	10
Claims Investment Account (being for the purchase of four-fifths of 5½ Claims, Cotty and Bosman) ...	4,547	12	7
	£245,861	2	5
Carrying forward for the year a balance of	£64,734	9	10
	£310,595	12	3

The quantity of diamonds found is	560,253¾ carats.
The average yield per load	1.15 do.
Do. value per carat	18s. 5½d.
Do. do. per load	21s. 2⅔d.

It will be seen from the above figures that the average yield per load is slightly less than that of last year, which is easily explained by reference to the struggle to keep the Mine open, which your Directors maintained well-nigh throughout the year, with the unavoidable result of getting Reef mixed with Blue, and also some of the poorer top Blue from the western side of the open workings; but for these two drawbacks the yield per load would have fully equalled, if not

surpassed, that of last year, while the cost of production is slightly lower, viz., 8s. 2·15d. against 8s. 3·5d., which is due to the largely increased output.

The balance of Blue Ground on the floors on the 31st March, 1886, was	230,660¼	loads
Blue hauled during past year...	589,317	„
	819,977¼	„
Deduct amount delivered to Elma Co. in terms of agreement for amalgamation	44,548	„
	775,429¼	„
Blue Ground washed during past year	487,295¾	„
Balance on floors 31st March, 1887	288,133½	„
And of Lumps	42,698	„

A Table giving details of the Hauling in each month of the past year is attached to this Report, and the statistics given last year are brought down to this date.

DEAD WORK.

Floating Reef and Debris hauled	288,886½	loads.
Main „ „	115,500¾	„
Total	404,387¼	„
At cost of		£41,964 11 10

In consequence of the cessation of open working, the dead work was discontinued in January last as being no longer necessary.

PROPERTY, MACHINERY AND PLANT.

Your Directors have found it necessary to build new offices in order to provide for the increased and increasing requirements of the Company. Under this head the expenditure to date is about £1,400. They have also expended upwards of £12,000 in the purchase and erection of new and powerful Hauling Gear, new Pumping Gears for the Mine and the outside shaft, two new Washing Gears, and a Crushing Machine.

These items together amount to £14,136 8s. 1d., on which no deduction is made, but from the remainder of the plant the sum of £6,492 2s. 11d. has been written off for depreciation, whilst the machinery and plant of the United and Elma Companies have been added to your plant without increasing the balance of this account.

UNDERGROUND WORKINGS.

It having been found expedient to develop these workings in order to ensure an ample and steady output of Blue, which the experience of the past year has shewn that open working could not be relied on to supply, the sloping shaft at the West End of the Mine has been deepened, and tunnels and galleries are being opened at 600 and 685 feet.

The success attendant on the working of the sloping shaft has surpassed the expectations of your Directors, for whereas they last year anticipated an output of from 1,500 to 1,800 loads per day from that source, they find that from 2,000 to 2,400 can be delivered with safety, in fact, since the 21st March, when hauling was confined to that shaft, to date of this Report, say 31 working days, 65,256 loads have been hauled, equal to an average of 2,105 loads per day, and from he very substantial manner in which the shaft is timbered, they rely on being able to maintain an output of 2,000 loads, until the vertical shaft outside the Mine now in course of being sunk, becomes available for output.

In addition to this your Directors have under consideration the opening of the shaft in the Gem Claims, from which they calculate on an output of about 1,000 loads a day, and also the sinking of a second sloping shaft on the western side of the Mine, by which means the output from that side could be doubled without difficulty, owing to the enormous area at their

disposal. They may state that above the 600 feet level now open for working they have upwards of 3,000,000 loads in situ of their proved ground, without taking the West End into account.

They have also a prospecting shaft in the Mine sunk to a depth of 700 feet, which they purpose continuing to 1,500 feet, or even deeper if it should then appear desirable.

The progress which has been made in the rock shaft outside the Mine is in the opinion of your Directors satisfactory, a depth of 364 feet having been attained on the 31st March, the hard rock having been reached at 285 feet, and down to that level the shaft is heavily timbered. The weekly progress in the hard rock varies from 8 to 11 feet.

WATER.

In the month of August the powerful pumps which had been provided for keeping the Mine free from water were placed in working order, which timely provision enabled your Directors to deal with the strong spring which was soon afterwards struck, and to discharge 15,000 gallons per hour, during 18 to 20 hours per day, for a considerable period, without in any way interfering with the daily output of Blue. This spring continues to yield a large supply of water, which has been utilized by a system of pipes over the floors, by which a considerable saving in the cost of water is effected.

BALANCE OF PROFIT AND LOSS—£179,086 13s. 5d.

Shareholders will bear in mind that this balance is not available for distribution in cash, but is contained in the several items of Assets, viz.: Claims, Property, Machinery, Compounds, Blue on Floors, &c., which have been mainly provided for—not out of Capital, but out of Profits—and are for the most part much undervalued. The items "Shafts" and "Developments" are not strictly Assets, but it is considered desirable to maintain their position in the Balance Sheet, inasmuch as they represent preliminary outlays for the winning of Blue for (say) three years, which if charged to one year's working, would unduly increase the cost of that year, and lower that of the two succeeding, whereas by distributing the cost of these works over the area of Blue which they render accessible, the cost of working is equalized.

As some misunderstanding appears to have arisen in former years from the Blue on the floors being brought up at so low a figure, your Directors would point out that this figure is not an estimate of its value, but simply the actual cost of placing it there.

There is a further item requiring notice in this place. The Elma Co. was amalgamated at £105,000, the half only of which was capitalized, the remaining half having to be paid for in Blue—*i.e.*, out of profits—three-fourths of which half have been paid out of the profits of this year.

AMALGAMATIONS AND INVESTMENTS.

Your Directors have continued their policy of promoting, by every legitimate means in their power, the amalgamation of the several interests in the Mine, in which they have so far succeeded that since the closing of the Accounts the purchase of the Gem D. M. Co. has been sanctioned by both Companies. An agreement with the Oriental D. M. Co. has been provisionally made by the Directors of both Companies, which the Shareholders will on the 28th instant, be asked to sanction, and a proposal for amalgamation with the Victoria Co. has, with the approval of their representatives here, been sent home for the consideration of their Directors.

If these proposals should prove acceptable to the several bodies of Shareholders, as it is hoped they may, there will remain but one Company—the Schwab's Gully— and your Directors will be fully prepared to offer that Company fair terms.

In furtherance of this policy your Directors have purchased a large number of Shares in the Gem and Victoria Companies, for which investments they will confidently ask the approval of the Shareholders, at a Special General Meeting, to be held immediately after the Annual General Meeting on the 2nd proximo.

KENILWORTH.

Your Directors, having regard to the rapidity with which the floors on the Vooruitzigt Estate are being filled up, have considered it prudent to secure ample depositing sites for future working, and seeing that the L. & S. A. Exploration Company demanded for rental, the exorbitant sum of £10 per acre per annum, and even at that rate were not prepared to lease to them one-third part of the acreage they will shortly require, they determined on the purchase of the adjacent

estate Kenilworth, which has been effected for the sum of £8,000. This your Directors regard as a good investment, seeing that the annual rental of the Voornitzigt floors will amount, if the amalgamations are effected, to well-nigh £2,000 per year, whilst for a similar area on Dorstfontein the rent demanded would have amounted to £6,000 a year, and on the other hand the portion of the estate not required for floor purposes can be advantageously let for grazing.

CONVICT LABOUR.

The agreement with the Colonial Government for the supply of native convict labour for the floors, has thus far worked satisfactorily. Your Directors are having the barracks enlarged in order to accommodate a larger number of convicts.

This work, at the date of this Report, is nearly completed.

COMPOUND FOR FREE LABOUR.

Your Directors congratulate you on the complete success which has attended the system of compounding the free native labourers, and which has falsified the predictions of evil, in which the opponents of that system so freely indulged.

The Compound has been visited by a large number of gentlemen from Europe, as well as South Africa, many of them being persons of distinction, Members of the Legislature, Ministers of Religion of all denominations, Doctors of Medicine, &c., and these have, without a single exception, expressed their full approval of the conduct of the place, and their satisfaction at the manifest content of the inmates. These are in fact well housed and provided with fuel, they are supplied at current rates with good wholesome food, they are free from the temptation to indulge in strong drink, a large swimming bath has been provided, and the general sanitary condition is as nearly perfect as it can be; while for those who are sick or suffering from injuries, a hospital has been erected in which they are treated by the Physician to the Company, who attends daily, and who is assisted by a duly qualified dispenser and dresser, thus relieving the Carnarvon Hospital of all but the most serious cases, and at the same time satisfying the natives, whose repugnance to being separated from their "brothers" under such circumstances is well-known.

Certain Ministers of Religion attend and give rudimentary instruction, and, lastly, the fact that a large number of men whose contracts have expired offer themselves for re-engagement, is conclusive evidence that the solid advantages which the Compound System ensures to them are fully appreciated.

DE BEER'S MINING BOARD.

The financial condition of this Board is as usual satisfactory.

Your Directors have to regret the loss the Company has sustained by the death of the late able Secretary, Mr. N. E. Pickering, of whose services they cannot speak too highly. He has been succeeded by Mr. H. I. Feltham, who had for a considerable time held the acting appointment during Mr. Pickering's illness.

In conclusion your Directors beg to refer you to the Statement of Accounts herewith.

C. J. RHODES, *Chairman.*
C. D. RUDD,
G. W. COMPTON,
JOHN MORROGH,
THOS. SHIELS,
C. E. NIND.
Directors.

De Beer's, Kimberley,
26th April, 1887.

HAULING FOR THE YEAR ENDING 31st MARCH 1887.

Month.	Blue Ground. 16 cubic feet loads.	Debris. 16 cubic feet loads.	Main Reef. 16 cubic feet loads.	Total.
1886.				
April	32,134	34,390	7,420	73,944
May	41,315	52,513	5,293	99,121
June	58,115½	26,103	11,422	95,640½
July	57,060	27,643	5,929½	90,632½
August	48,238	15,211	7,482¼	70,931¼
September	58,784	23,461	22,941	105,186
October	56,411	26,951	19,362¼	102,724¼
November	53,570½	31,016½	17,162	101,749
December	44,152½	34,493½	14,212	92,858
1887.				
January	47,731½	14,748½	4,276¾	66,756¾
February	42,108	255	...	42,363
March	49,697	2,101	...	51,798
Total	589,317	288,886½	115,500¾	993.704¼

TABLE OF STATISTICS

OF THE

DE BEER'S MINING COMPANY, SINCE ITS FORMATION IN 1880.

Year ending 31st March.	Number of loads of "Blue" hauled.	Number of loads of "dead" ground hauled.	Number of loads of "Blue" washed.	Number of Carats of Diamonds found.	Amount realized by sale of Diamonds.	Number of Carats per load of "Blue."	Amount realized per Carat sold.	Amount realized per load.	Balance of "Blue" on Floors at end of year.	Dividends paid during the year.	Cost of production per load.	Capital of Company during the year.
1881	73,642	50,000	73,642	51,682	62,367 17 4	·700	24/1	16/11	Nil	11,600 = 5½ %	...	£200,000
1882	99,439	96,731	96,439	76,859	104,552 8 8	·797	27/3	21/8	3,000	19,966 = 3 %	13/2	£665,550
1883	179,785	143,369	166,136	149,396	158,675 4 3	·895	21/3	19/1¼	16,649	37,714 = 5⅔ %	11/9½	£665,550
1884	220,046	204,977	173,666	177,246	198,268 12 9	1·02	22/5	22/10	63,029	52,148 = 7 %	10/	£755,120
1885	398,613¾	427,215	323,324¾	278,018	287,469 15 7	·859	20/8	17/9	138,318	62,666 = 7½ %	8/1	£841,550
1886	391,749¼	569,551	299,407	395,001	323,499 7 2	1·319	16/4½	21/7	230,660¼	121,814 = 12 %	8/3½	£1,045,120
1887	589,317	404,387¼	487,295¾	560,253¾	517,103 18 4	1·15	18/5½	21/2⅔	288,133½	199,349 4/=16 %	8/2·15	£1,265,620
Total	1,952,592	1,896,230¼	1,619,910¼	1,688,455¾	1,651,937 4 1	1·042	19/6¾	20/	288,133½	*505,257 = 46⅔ %	8/2·15	£1,265,620

* In addition to above dividends, 22 per cent. has been distributed in Bonus Shares.

De Beer's Mining Company, Limited.

BALANCE SHEET, 31st MARCH, 1887.

LIABILITIES.

To Capital Account, 126,562 Shares of £10 each		£1,265,620	0 0
,, Unclaimed Dividend Account :— Cheques and Warrants outstanding... ...£1,414 13 6 Dividend at 5 per cent. for the Quarter ended 31st March, payable April 27th, 1887 ... 63,281 0 0		64,695	13 6
,, Creditors :— Cape of Good Hope Bank, for a loan, for the purpose of the advance made on Bond of the 'Gem' D. M. Company, £21,500 contra ... 20,000 0 0 For advances for the purpose of certain investments in the shares of the undermentioned companies, viz. :— 'Gem' D. M. Co. ... £38,383 15 4 'Victoria' D. M. Co. 57,417 18 6	95,801 13 10		
		115,801	13 10
,, Sundry Accounts outstanding ...		10,863	6 5
,, Security Account, for Amount in hand, arising from partial payments on account of the Kimberley Mining Board's debt, £22,046 19s. 10d. to 'Gem' D. M. Co., contra ...		1,192	12 10
,, Commission in suspense		1,464	13 4
,, Balance of Profit and Loss Account		179,086	13 5
		£1,638,724	13 4

ASSETS.

By Claim Account		£1,280,767	5 5
,, Claim Investments:— Purchases of Claims in De Beer's Mine		3,267	7 9
,, Share Investments, as per contra ...		95,801	13 10
,, Bond by 'Gem' D. M. Co. to A. Beit, and by him ceded to this Company, covering their block of Claims, Machinery, and Plant, together with that Company's claim, £22,046 19s. 10d., against the Kimberley Mining Board		21,500	0 0
,, Property		6,412	14 3
,, Kenilworth Estate		201	7 8
,, Convict Barracks		4,166	12 8
,, Compounds for Free Natives, Furniture, &c.		7,422	11 3
,, Stock of Blue Ground :— 288,133½ 16 cubic feet loads ...		52,448	8 11
,, Stock of Lumps :— 42,698 16 cubic feet loads		2,134	18 0
,, Stock of Coal		187	18 6
,, Deal Stock Account		850	0 0
,, Live Stock		1,855	1 9
,, Merchandize in Compound Store ...		537	10 3
,, Machinery and Plant		52,000	0 0
,, Office Furniture...		409	12 4
,, Sundry Debtors		5,849	1 10
,, London Transfer Office :— Colonial Revenue Stamps supplied them		150	0 0
,, Shaft to Underground Workings :— (Amount expended to date) £8,937 0 0			
,, Shaft in the Hard Rock outside the Mine:— (Amount expended to date) 10,712 4 0			
,, Development of Underground Workings:— At 500 ft. level £7,276 2 5 At 600 ,, 2,898 4 4 At 685 ,, 1,116 16 7	11,291 3 4		
		30,940	7 4
,, Diamonds in hand, 10,688½ carats, valued at ... ... (10,515 carats *since sold for* £11,717 13s. 9d.)		11,750	0 0
,, Diamonds shipped to London (20,282 carats) Balance unsold, valued at		1,524	18 8
,, Cash at Bankers :— Cape of Good Hope Bank		58,547	2 11
		£1,638,724	13 4

C. J. RHODES, *Chairman.*
H. I. FELTHAM, *Secretary.*

We certify that we have examined the Books, compared the Vouchers and checked the Balances of the De Beer's Mining Company, Limited, and that the above account is true and correct.

W. H. CRAVEN,
H. F. E. PISTORIUS, } *Auditors.*

De Beer's, Kimberley, 22*nd April*, 1887.

THE DE BEER'S MINING COMPANY, LIMITED.

Profit & Loss Account from 1st April, 1886, to 31st March, 1887.

DR.

CHARGES, viz.:—						
Advertising and Stationery ...	£749	7	9			
Auditors' Fees (1¼ years) ...	200	0	0			
Bonus	650	0	0			
General Charges	1,511	15	11			
Interest and Discount ...	2,284	2	2			
Law Costs	135	4	10			
Plans and Survey Fees ...	473	8	9			
Rates, Licenses and Taxes ...	14,097	15	11			
Sanitary Account	595	16	6			
				20,697	11	10
WORKING EXPENSES, viz.:—						
Contractor's Account (Blue Ground) hauling and washing	73,436	12	4			
Fuel	21,692	1	4			
Produce and Stables	4,569	6	6			
Prospecting	2,022	12	11			
Pulsator	181	4	7			
Pumping	1,561	7	10			
Sorters on Percentage (Commission)	106	1	6			
Water	5,400	13	6			
				108,970	0	6
MAINTENANCE, viz.:—						
Convict Barracks (Maintenance of)	147	6	9			
Maintenance of Machinery ...	28,398	16	11			
Machinery and Plant (amount written off for depreciation)	6,492	2	11			
				35,038	6	7
SALARIES AND WAGES, viz.:—						
Convict Labour Account ...	6,358	12	3			
Searching System	1,496	15	3			
Wages Account	35,069	16	6			
Salaries Account	7,620	4	11			
				50,545	8	11
DEAD WORK, viz.:—						
Main Reef Account	13,869	7	10			
Debris Account	28,094	18	0			
				41,964	5	10
Claims Investment Account ...				4,547	12	7
Dividend Account				199,349	4	0
London Office				193	17	9
West End Compound "Charges"	2,660	18	3			
West End Compound "Hospital"	584	8	6			
				3,245	6	9
Balance of Profit				179,086	13	5
				£643,638	8	2

CR.

Balance brought forward from last year ...				£114,352	3	7
Sundry small accounts written off				37	19	9
Blue Ground on Floors:—						
Balance Mar. 31st, '87, 288,133½ 16 c. ft. lds.						
Do. '86, 239,660¼ ,,						
Increase 57,437¼ do. 8/9 $\frac{7}{11}$ths				10,928	12	6
Lumps on Floors:—						
Balance Mar. 31st, '87, 42,698 16 c. ft. lds.						
Do. '86, 18,384 ,,						
Increase 24,312 ,, at 1				1,215	14	0
Diamond Account:—						
Diamonds found during year, 560.253¾ cts.				517,103	18	4
				£643,638	8	2

C. J. RHODES, *Chairman.*

H. I. FELTHAM, *Secretary.*

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company, Limited, and that the above Account is true and correct.

W. H. CRAVEN,
H. F. E. PISTORIUS, } *Auditors.*

DE BEER'S, KIMBERLEY, 22nd APRIL, 1887.

DE BEER'S MINING COMPANY, LIMITED.

ANNUAL GENERAL MEETING.

Reprinted from the "Daily Independent," 7th May, 1887.

The Annual General Meeting of Shareholders in the De Beer's Mining Company was formally opened on Monday afternoon, and adjourned until Friday afternoon next.

There were present Mr. C. J. Rhodes, M.L.A. (in the Chair), and Messrs. C. E. Nind, Morrogh, Compton, McGregor, Shiels, T. R. English, J. D. Archibald, F. W. Matthews, and H. I. Feltham (Secretary).

The SECRETARY read a Notice convening the Meeting, and also the Notice convening a Special Meeting, to be held after the Annual Meeting.

The CHAIRMAN suggested that there should be an adjournment for the following reasons. The negotiations with the Victoria Company were, he might almost say, closed, but not quite closed, and as the Reports presented at the Annual Meeting were the only information which Shareholders at home received about the affairs of the Company, it would be advisable to postpone the Meeting for a week, and then the Directors would very likely be able to inform the Company that the De Beer's Mine was almost entirely amalgamated; and the Shareholders who attended the Meeting would then be able to ask the Directors about the terms of the amalgamation and to discuss the whole question. By Friday the Directors hoped to receive definite information whether the Victoria Company was a portion of the De Beer's Company or not.

Mr. MCGREGOR then proposed, and Mr. ARCHIBALD seconded, the adjournment of the Meeting until Friday next at three o'clock in the afternoon.

The Motion was carried and the Meeting adjourned accordingly.

The Annual General Meeting of Shareholders in the De Beer's Mining Company (adjourned from Monday last) was held on Friday afternoon at the Company's new offices, De Beer's. The Chair was occupied by Mr. C. J. Rhodes, M.L.A., and there were also present: Messrs. C. D. Rudd, M.L.A., G. W. Compton, Jno. Morrogh, T. R. English, T. Shiels, C. E. Nind, R. D. Archibald, H. Mitchell, S. Carlisle, A. J. Petersen, Otto Staib, A. Beit, M. Michaelis, H. Robinow, Wolf Joel, A. Bayne, R. Hinrichsen, R. E. Wallace, H. Cohen, C. Rüping, S. Schwabacher, P. Dreyfus, H. B. Hart, C. Van Beek, Robinson, H. E. Jacobs, Jun., Wishart, Matthew, A. McGregor, and Geo. Brad; several Shareholders being also represented by proxy.

Printed copies of the Report of the Directors for the year ending the 31st March were lying on the table for the perusal of Shareholders.

The Minutes of the last Annual Meeting (3rd May, 1886) were read and confirmed; also the Minutes of several Special Meetings held during the year.

The CHAIRMAN said: In moving the adoption of the Report and the Accounts for the past year, we have great pleasure in submitting for your approval what we consider a very satisfactory statement. It is satisfactory in this respect, that in spite of the steadily increasing Capital of the Company, the Directors have been proved right in their prognostications, *i.e.*, that the addition of the extra ground and the increased Capital, so long as they tended to the amalgamation of the Mine and the concentration of the industry, have not been a disadvantage but an advantage to the Company. I would refer you to the table of statistics in the Report for the year. Though since the year 1881 the Capital has steadily increased from £200,000 to £1,265,000, yet the dividends paid to Shareholders have increased in proportion. We began with only five per cent. and we have risen this year to sixteen per cent.; and therefore we may claim from you to support our Policy, which is the amalgamation of the Mine. We ask you to say that that Policy is a right one, as far as it has been proved by its results, and a successful one for the prosperity of the Company. In referring you to the Report now submitted, I would point out that the payment of dividends during the year has amounted to no less than £200,000 in spite of dead work which cost us £41,000. The average per load has been slightly lower than the preceding year. We have stated our reasons for that reduction. It is due to the fact that we have been struggling between open and underground working. All of you who are diggers are aware that there comes in the history of this and the other mines a struggle against the reef, and from the early part of last year we had to struggle with a fall of reef and a slip of poor ground from the West End, which became inextricably mixed with our good ground, and which has slightly decreased our yield per load. But at any rate in spite of that decrease in yield, 1·15 of a carat per load is a very satisfactory result: and dividends of no less than sixteen per cent. have been distributed, over and above the dead work which has been performed. In passing through the Report, I see a paragraph headed with these words, "Dead Work," which cost us £41,000; and I would state to the Meeting that for the future we may reckon that that amount will not be repeated, because we have entirely adopted the underground system. In reference to the heading "Property, Machinery, and Plant," I may state that if you will turn to the Balance Sheet of Assets and Liabilities you will perceive that our Machinery and Plant are in at the low sum of £52,000

This is not capitalized in the Capital Account, and anyone who walked round the Mine and saw our Machinery and Plant, would think it a very cheap bargain for £52,000. I may also state that during this year we have expended a large amount on the extension of our floors and tramways, and on various other works connected with the increased work we have undertaken. The whole of this expenditure has been written off Profit and Loss Account. It does not even appear in the Asset Account of £52,000. The next heading that requires attention is that of Underground Working. The Directors, influenced perhaps by an old digger feeling in favour of the open working, undertook underground working with very great reluctance ; and they continued the open working perhaps far beyond the time when they should have abandoned it, in the attempt to keep the Mine open. We were fortunate enough to obtain the services of Mr. E. Jones, and he strongly supported our abandoning the open working and entirely relying on the underground system. We at first commenced with Mr. Jones in charge of our underground workings, as against our other Manager in the open, and I must say that in the contest Mr. Jones has been thoroughly successful. The open working has had to retire, and we are now relying entirely on the underground. The reason we do so is that he (Mr. Jones) has proved to us beyond all doubt that we can confidently rely, with our large area, on a steady output from the underground works. Since Mr. Jones commenced his underground system in the month of June, 1885, up to the 31st March, 1887, he has extracted from the underground works no less than 470,000 loads. (Hear, hear). You must remember that he commenced with only a shaft inside the Mine, and had every other difficulty and disadvantage. Since he has had the West End shaft, he has averaged over 2,000 loads a day. Lately we have been pulling from 2,000 to 2,500 loads a day. The difficulty that arises is that the men underground can give us more ground than we can pull out of the Mine, and the supply is practically illimitable. It is stated in the Report that above the 600 feet level—this is totally without taking into consideration the Victoria Company, whose amalgamation with us has been completed—we have in our own ground three million loads of Blue. Even allowing that by the underground system we could not extract the entire quantity of ground, I would ask Shareholders to consider what that means. It means practically an illimitable output. We have also sunk below this to a level of 700 feet ; we find the same Blue and the same formation of the Mine, and therefore it would be like a story from the Arabian Nights to try and estimate what the Mine contains and will yield us by the simple process of deepening the shaft. Once allow and prove that we can work underground, and the extra cost of lifting as you go deeper being practically immaterial, the value in the Mine is almost beyond your reckoning. You have simply to sink your shaft, run your tunnels along the base, and say "there is so much Blue available." In fact it will be simply copying the example of other mining communities, where the first step is to show how much of the lode is in sight, how many tons of ore or loads of stuff they can calculate upon, and the profit can be steadily reckoned upon. We are justified, we think, in stating to our Shareholders that as far as we can see the amount of Blue before us is practically without limit. The next question to consider is about the future prospects of underground workings. I would state to the Meeting that lately we are gaining from the West End shaft alone 2,000 to 2,500 loads ; and in addition to that your Directors propose to timber up and deepen the shaft that is now existing in the Gem Company, from which we are expecting to gather at least 800 loads a day. We also deem it advisable to sink a second West End sloping shaft. The cost of the last one, if you look at the account, was about £8,900, and if we choose to invest that further sum in a second shaft, we have before us the perfect possibility of producing 4,000 loads per diem. Shareholders will agree with me that the enormous area we have got would justify an increased yield to that extent. Assuming the Gem shaft to give us 800 loads a day, that would at any rate give us 3,000 loads a day with our present means. You will see by the past year's Report that on an amount washed of 487,000 loads we gave you dividends of nearly £200,000 ; we spent in dead work £41,800 at the same time ; and if you turn to the account for maintenance of Machinery and Plant, you will see it amounts to a further sum of £28,000, of which at least £10,000 will now vanish in consequence of the stoppage of the open workings, leaving a nett amount of £250,000 for distribution. I would in passing point out that this amount for maintenance is entirely due to the enormous quantity of repairs necessary to the continuation of the open working system, new wires, new gear in every way and form. We were working 16 engines where we are now only working one. A similar yield to the past year's (487,000 loads) would alone give on the new capital of the Mine, as increased by the lately completed amalgamations, a dividend equal to 12½ per cent.—a yield of 480,000 loads or 40,000 a month. But instead of that we are pulling over 50,000 loads a month from one shaft ; and it is unnecessary for me to point out to Shareholders that if by the old yield under the old circumstances 12½ per cent. could be given them on the new capital, £2,009,620, how secure their investment is under the altered circumstances of the Mine. With reference to the water I can simply say that we have not met with any spring beyond the capacity of our pumps, and it is a most useful asset in dealing with our Blue. We use less and less almost every month of Vaal River Association's water ; and I believe in the end we shall almost be able to come out with our own. The next item before us in the Report is the Balance of Profit and Loss. I think it has been clearly explained in the statement that it is not a Cash Asset. It is represented by 288,000 loads of Blue, reckoned at the lowest estimate of 3s. 9d. per load ; it is represented by the whole of the machinery made use of round the Mine ; and by other Assets. We did not capitalize this in our original Capital Account. I suppose some Companies would capitalize it and issue it as a dividend to their Shareholders ; but we have been so successful that we thought it far better to leave it as it is. It is a Balance of Profit and Loss, and it is certainly a most considerable Asset. The Blue alone could be sold for very much more than the balance of profit as it is stated : as to the machinery I would ask any of you to walk round the Mine and you would say £52,000 was an absurdly low price for it. Still, it is not a Cash Asset to distribute amongst the Shareholders. Amongst the other things included in the Balance of Profit and Loss is the purchase of the Elma Co. Those gentlemen would not take one penny less than £105,000. We did not like to increase our Capital ; we did not like to give them the premium on the shares which would have been issued to them, for we knew the shares would rise, so we settled with them for so much Blue and so much Scrip. They received £52,500 in Scrip, and as to the Blue we have never missed it. We have almost paid them off, whilst in our Capital Account the claims of the Elma appear, not as £105,000,

but as £52,500. I mention this as one of the facts connected with the statement that appears under the heading "Balance of Profit and Loss." (Mr. H. B. HART: How many claims did the Elma have? Mr. MCGREGOR: About eight and a half now. There were formerly eleven and a half.) The next matter that appears here is under the heading "Amalgamations and Investments." We have proceeded with our policy of amalgamating the Mine, and since the acquisition of the Oriental Company, and also the settlement of the Gem Company, we have concluded with the Victoria Company, provisionally, subject to the approval of our Shareholders, which will be asked at a subsequent Meeting. But the questions of amalgamations and investments are so inseparably connected that I would just state to the Shareholders how they have occurred. In reference to the Gem Company, your Directors, thinking that it was necessary to acquire it so that the Victoria Company should not obtain such strength in the Mine as almost to render amalgamation impossible, concluded an agreement with the Gem Company. The Gem were in difficulty. We lent them £20,000 under a bond, retaining £1,000, as commission for the loan, and with the right to purchase the Gem for £75,000. After we had concluded that agreement, by permission of the Victoria Company we drove tunnels into the Gem and took Blue out of the Gem. It realized through the crusher—because we could not wait for it to pulverize—seven-eighths of a carat per load, and I think you will agree with me that if the raw Blue through a crusher gave ⅞ of a carat per load, we are justified in estimating that when properly pulverized it would give a yield quite equal to the general average of the Blue. We also drove tunnels round the reef, and discovered that the Gem possessed over 30 claims. It struck us then that it was manifestly to the advantage of our Shareholders that instead of paying £75,000 for the Gem, we should try to acquire it at even a lower rate. We felt that if we were to call Shareholders together the matter would be known; it would become almost impossible to purchase Gem shares, and therefore under certain clauses of our trust deed we took the responsibility. We gradually acquired the Gem Company, almost to the extent of holding seven-eights of their capital. By this means the whole cost of acquiring the Gem, as it appears in the account, was about £53,000; and I think it was a satisfactory transaction, especially seeing that during our recent negotiations with the Victoria Company they have never called in question the condition that the Gem should be issued to our present Shareholders at £180,000. On that agreement the present Shareholders therefore acquire £180,000 at a cost to themselves of about £53,000. Shareholders will fully understand the difficulties of this transaction. There were all sorts of obstinate Shareholders, but we went on steadily in the purchase of the shares at the lowest rate possible. I think the highest sum paid was to the Oriental Bank. We found them very severe customers to deal with, and we paid them £2 a share. The total acquisition stands us in about £53,000, whereas under their contract with us, we were bound to pay them £75,000 if we had purchased the Company in the gross; further, in the arrangement with the Victoria Company, we obtained for our Shareholders £180,000; and we acquire, from the miner's point of view, thirty good claims, yielding, in our opinion, over one carat a load. (Applause.) The next acquisition was in reference to the Oriental Company. We were particularly anxious to obtain that ground, for we were still without any arrangement with the Victoria, and we felt that if the Oriental was amalgamated with the Victoria it would strengthen their position. Our desire, naturally, was to weaken their position. Certain negotiations were made with us by a Shareholder of the Oriental, and during my absence in the Transvaal a preliminary agreement wae concluded with the Oriental. We found on investigation by our surveyors that they possessed 10½ claims, and their acquisition was closed, as Shareholders are aware, having already sanctioned the arrangement a fortnight ago, for £64,000 in scrip and the commission of £4,000 paid to the gentleman who negotiated the transaction. That was the second of the series of amalgamations. I see a gentleman connected with thé Victoria Company here, and he will not mind my saying that we closed just in time, because I believe the Oriental would have passed into the hands of the Victoria Company to the detriment of us both; for it would have strengthened the position of the Victoria to such an extent that perhaps we should not have agreed. In continuation of the policy of amalgamation, at that date we thought the time had arrived to inform the Victoria Company that we were their largest Shareholders. (Laughter). About three months previous to this date, after we had communicated with our Home Directors, for nearly six months, I think, to buy Victoria shares, Mr. Beit, of Messrs. Beit and Porges, made us a proposition that he was willing to buy, on joint account with us, Victoria shares. After due consideration by our Board, we accepted his proposal, and for the following reasons: We saw clearly we should never obtain the Victoria until we had such an interest in that Company that it would be apparent to both that Union meant harmony, and that they must look upon us as one of themselves. We felt also a satisfaction in making this arrangement with Messrs. Beit & Porges, because we felt among ourselves that although we might spend a large amount in the Victoria, and look upon it as a reserve fund, yet we should not be in such touch with the Directors as by the method that we did adopt; that we should not have those private reasons which would render amalgamation imperative. On the other hand we felt that if Messrs. Beit & Porges bought a large amount of shares in a Company which was in an unremunerative condition, they would use every effort to turn those Shares into a dividend paying asset. We also did not feel ourselves justified in going beyond a certain amount. Now to obtain a controlling influence in the Victoria, it meant spending over £100,000. All these reasons induced us to accept the offer, and the result was we agreed to buy on joint account 6,000 Victoria shares on the best terms obtainable. Messrs. Beit & Porges buying on the London market would excite no remark; they were known to be speculators; but if any of our Directors had bought, it would be known that De Beer's were buying, and the Company's object would have been rendered impracticable. The result of the arrangement was that we did obtain 6,000 shares jointly, or 3,000 for ourselves, and 3,000 for Messrs. Beit & Porges, which cost us £57,000, or a little below £20 per share. As soon as the Oriental amalgamation was completed, as I have said, we thought it was advisable to tell Mr. Hinrichsen and Mr. Oats that we were their largest shareholders, and that in our interests amalgamation was necessary. Mr. Hinrichsen and Mr. Oats agreed fully that it was a perfect absurdity to continue the contest in the Mine when, in every hostile action they were really fighting their largest Shareholders. This resulted in a provisional agreement here, which has been slightly amended at Home, and concluded. The main figures of that agreement are as follows: The Victoria receive £500,000

De Beer's scrip, and £225,000 debentures spread over the whole Mine. They also receive from the new Company 30,000 loads of Blue. We have only received the telegram to-day, but that is a broad statement of the details of the arrangement. Now I would point out to Shareholders that of the £500,000 issued to the Victoria, De Beer's Shareholders will receive back from £90,000 to £100,000 for Shares we have bought in the Victoria; so that in considering these amalgamations, De Beer's Shareholders must reckon that if they sanction them they will receive as a bonus on their present interest £180,000 for our purchase in the Gem, and from £90,000 to £100,000 for for the capitalization of our interest in the Victoria. So that at the present moment if Shareholders sanction our agreement, they will receive bonuses for themselves of roughly £280,000. Shareholders may naturally ask, but how are you going to pay for your Share purchases appearing in the Balance Sheet submitted to us, the purchases in the Victoria and the purchases in the Gem, the one item being £57,000 and the other £38,000; the gross liability for the purchases and investments being £117,000. I would first state that we have arranged for a credit against this. We do not desire to hamper the dividends, but there is one good bonus entirely free of any liability. Shareholders will notice in the account that there was a balance of Blue on the floors of 288,000 loads, and also 42,000 loads of lumps. Now in the arrangement with the Victoria Company, it has been agreed that the new Company shall receive 200,000 loads of Blue. We retain therefore 88,000 loads of Blue and 42,000 loads of lumps. Shareholders have no doubt studied the statements made during the last month especially, as to amounts hauled and washed, and it will be seen that the amount on the floors is steadily increasing by 10,000 to 15,000 loads a month. The arrangement with the Victoria does not come into force until the 1st June, so that we therefore calculate we shall have a further gain by that time of 20,000 loads of Blue, which will give us 108,000 loads of Blue and 42,000 of lumps, to pay for our Share purchases of £117,000. We have also a further asset in the fact that in our Share purchases we were compelled to buy on many occasions the joint interests of the Gem Company, so that we hold Kimberley Gems, which we have estimated to amount to £5,000, taking them at only 10s. per Share. We have also our asset in reference to the balance of the bond due entirely from Kimberley Mine, about £13,000; so that we are fairly within the mark when we say that with our loads of Blue, our lumps, and our assets in the Kimberley Gem, we shall have a reserve of a sufficient amount to pay for our obligation for the purchases of Shares. We have also besides that the dividend we may earn during the current quarter, which belongs entirely to the old Company. We hope we shall be able to distribute that without making any charge upon it for the Share purchases: but if at the last moment we wish to make ourselves perfectly certain as to the balance of our accounts, we might perhaps take a portion of the dividend to do so. Shareholders cannot expect to have their cake and eat it too; and if we distribute to them £280,000 for transactions which have cost us £100,000, and we have kept our Blue to pay for it, I do not think they can grumble if we have to keep a small portion of the current dividend to liquidate our account; though myself I have no fear of it. (Applause). We have, I consider, perfectly good assets to pay for the liability on the purchases of the Shares. A Shareholder asks me about the Kenilworth purchase mentioned in the Report. The property has cost us £8,000. The present rental for grazing is £400 a year, which will pay us, on the amount we paid for it full interest for our investment. This makes us perfectly secure if we desired to extend our floors, and the neighbouring owners did not meet our desire. I would like to say something about future management. Mr. Jones, at his own desire and request, is anxious to go to the Gold Fields. We have informed him we are anxious to keep him, and that he can make his choice whether he will go to the Gold Fields or remain with us. He says he has always desired to go there, and he has finally settled to go. Under these circumstances (for he informed me of it when I was up at the Gold Fields), I entered into communication with Mr. Gardner Williams; and after various negotiations he informed me he was willing if his Board would agree. I received a cable that his Home Board had given their consent, although they were very reluctant to part with him: but that as he spoke so highly of the De Beer's Mining Company and the future in store for him, they were unwilling to stand in his way. He will arrive here to night, and I hope such arrangements will be made with him that he will undertake the management of the De Beer's Mining Company. I cannot leave this subject without stating that we feel as a Board that the thanks of the Shareholders are due to Mr. Jones for his services (hear, hear). When he started in De Beer's Mine, we, the Directors, were as a body entirely opposed to underground working. All he asked from us was one gear and the right to sink a shaft. We gave him, I might say, a shaft in the most inconvenient position, and we thought it would not end in a success. In spite of that, since he started with the underground working in June, 1885, to the 31st March, 1887, he has delivered us no less than 470,000 loads of ground. Lately since the West End shaft has been in order, we have averaged over 2,000 loads a day. I have not the slightest doubt that such a yield will be continued, and even more; but we feel we owe it entirely to Mr. Jones. If we had not had Mr. Jones, it is very probable we should have gone on with our struggle in the open working, and perhaps have got into a helpless mess, and then started our underground work, and been a year behind, as has happened to other Companies. Therefore I think that if the thanks of this Company are due to anyone, they are due to Mr. Jones for the manner in which he has worked for us (hear, hear). The success of the last year has been entirely due to his output. There is another subject which I had for the moment forgotten. It has been suggested to me by some Shareholders that we have certainly done excellently in the past, but have we not rather increased our capital to an amount beyond the value of the property. Now I will state to start with that the total capital of the Company, when the proposed arrangements are sanctioned, as we hope, by Shareholders, will be £2,009,620. As I have pointed out in the course of my remarks, our last year's pulling with the removal of dead work, would have paid 12½ per cent. But I also gain confidence in dealing with the question, because I have always in the past looked upon Kimberley as a sort of financial key or financial test from which the other Mines would be perfectly safe in reckoning both their capital and chances of production, and their value. I was engaged this morning in obtaining from the various Companies the amount of their present capital, the number of claims reckoned to be in the Mine, their yield, and also the present selling value of Kimberley Mine. If it is not tiring to Shareholders I will read the figures to them, so that when they go away and reckon up their holding in this Mine as against perhaps other shares, there may be some

point of comparison. The present capital of the Standard Company is £464,000: upon the market value of their shares (£130 to £135, because we shall also take the De Beer's Company at its market value), the present value of that Company is £649,600. The Central Company's capital is £758,200, and at the present market value of the shares the value of the Company is £1,137,300. The French Company's capital is £560,000, and the value of the Company according to market value is £784,000. I take the North East, Hall and West End at a value of £100,000. This makes the present selling value of the Kimberley Mine 2,670,000. I don't think I have over-estimated it. I am careful enough to take into consideration some cash assets of the French Company, £220,000; but I deduct them as apart from the present value of the Mine, as they have been earned in the past. That leaves the present selling value at £2,450,000. As regards the number of good claims, I have gone very carefully into it, and made a liberal estimate of the whole, instead of going particularly into each Company, and saying the French or the Central or the Standard have each so many. I take it the Kimberley Mine has 160 good claims they are working, and I ask Shareholders to divide the selling value, £2,450,000 by the number of claims, and you will find you are buying your shares in the Kimberley Mine on the basis of £15,300 a claim. The next question the Shareholders would naturally ask is, "Let us hear about the yield of the Standard, French, and Central for the year 1886." I avoid 1887, because the yield on the Central lately has not been very satisfactory—there are many reasons for it. During 1886 the Standard washed 175,466 loads, and realized 235,466 carats; the French 68,270 loads, realizing 96,898 carats; and the Central, 131,033 loads, realizing 173,296 carats. The grand totals are 374,769 loads washed, yielding 505,660 carats, or roughly, 1¼ carats per load. That is the best way of arriving at the yield of the Mine. The results I have are: 160 claims, £2,450,000 present value, and 1¼ carats yield per load. I now pass to a similar calculation for the De Beer's Company; and I want to say that I am not trying to exalt it above Kimberley or anything of that nature; but all I desire to prove is that our capital, by comparison with Kimberley, is not excessive. Our new capital will be £2,009,620. The market value of De Beer's is £12 10s. to-day; but you must remember that in buying De Beer's you are buying including the bonus, which is £280,000, and with this bonus the total capital of the Mine will be only £2,009,620, viz., De Beer's Company, old capital, 1,205,620; Oriental Company, 64,000; Gem Company, £180,000; Victoria Company, £500,000. Therefore if you take off the bonus you may practically take the present value of De Beer's at par and Victoria at par; and that will give you £2,009,620. The number of good claims we now possess in the Mine, out of which we shall take our yield, is 250. This number is exclusive of the claims in the West End of the Mine, which may eventually become payable. Mr. Oats and Mr. Hinrichsen have accepted that number on the following basis: 130 for the old De Beer's Company, 30 for the Gem, and 10 for the Oriental. These, with the Victoria claims, make 250 claims, and they must be 250 good claims if Mr. Oats has agreed to accept the calculation. (Laughter.) You can easily understand the tussle that has gone on. We claimed to possess far more good claims than 130, but we had to give in continually to Mr. Oats' view of the case so as to obtain amalgamation. Finally he accepted 130 as claims against which he had not a word to say, and therefore the 250 are the basis of our capital of £2,009,620. That gives us the sum of £8,000 per claim as against the Kimberley Mine of £15,000 a claim. The next question is that of yield. Last year our yield was 1·31 carats. This year we have found 1·15 in spite of the poor ground and the reef that became mixed with our ground during the struggle with the open workings. There is a further proof of what the clean ground of De Beer's can give. From a statement by the Auditors of the Elma Company it appears they have found from the ground we have given them, out of 38,000 loads washed, 1·514 or over a carat and a half per load, realizing 31s. 5d. This ground, I might almost say, was taken from all over our ground. The only thing is the Elma Directors took thorough good care no reef was mixed with it. If the Elma show this return of 1·514, if we found last year 1·30, and this year 1·15, and the last month's washing taken alone shows 1·20, I do not think I am making an unjustifiable statement when I say that if we do not approach the Kimberley yield of 1¼ carats, we are very near it, and in buying De Beer's shares on the present basis you are buying them on the basis of a market valuation of £2,009,620 as against the Kimberley shares on a basis of £2,456,000. As to the ground you possess, you are buying in the one case, taking it in the most glowing aspect, into a Mine of 160 good proved claims, and in the other into a Mine of 250. With reference to the debentures to be issued to the Victoria Company, they are practically equivalent to the debt of the Kimberley Mining Board. The De Beer's Mining Board does not owe a penny, as we have not indulged in the pleasure of a Mining Board Debt. I think in the amalgamation of the Mine we are justified in adopting a debenture holding, where that debenture holding is only at par, and where, if we had given them scrip, we should have handed them £2 premium. I have very little more to add, I am afraid I have tired you already. It is a rather tedious thing to go through the work of a large Company for a whole year. I should, however, like to refer again to our future working. In our present position we feel we can pay a good dividend on the increased capital of the Company; but we hope to do more than that. We hope, instead of pulling 2,500 loads a day, to open the Gem shaft and increase it to 3,000; and we have also in view the sinking of a West End shaft similar to the present one, which, at a cost of £10,000, whould give us an output of 4,000 or 5,000 loads a day. Shareholders will acknowledge that 250 claims may be justly taxed to the extent of 4,000 loads a day. There is the ground; we had better get it out, for there is no use in leaving it for our grand-children. The High Court has limited our ambition, and will not allow us at present to wander into the other mines. Still, we preserve the hope that by union or co-operation with the other mines, and having an enormous capital at our back, we may place the diamond mining industry in the position it ought to occupy, that is, not at the mercy of the buyers, but the buyers under the control of the producers. (Laughter and applause.) I beg to move the adoption of the Report.

Mr. BIET said he had much pleasure in seconding the motion. Whoever had read the Report and had heard the lucid speech of the Chairman, must agree with him that the Company had made very much progress during the year. Surely not a better statement of affairs had been set before any Diamond Mining Company since the Fields were opened. It was gratifying to find that whilst at the last meeting open working was still favoured by the Shareholders, the Directors had at the same time prepared underground works in such a

way that when the open works could be no longer continued, they were prepared not only to continue the output but rather to increase it. The Directors had shown in every way circumspection and management that Shareholders could not do anything but unanimously adopt the Report.

The CHAIRMAN said that a gentleman had just spoken to him about a point that should, it was thought, be enlarged upon, and that was the safety of the underground workings. All he could say was that he had perfect confidence in them. The enormous area possessed by the Company, and the system followed of preparing galleries below those in work, were his reasons for confidence. If any gallery was crushed in, the men were transferred into the lower one, and the crushed ground drawn into that gallery. The grand impediment in the way of underground working was to have neighbours, and small areas of ground. This Company had a vast area. As to the late crushing in the Victoria works, it did not effect the De Beer's Company in the slightest degree. Where it did effect the Victoria was that their means of winning ground lay in the centre of the crushed ground, and they more or less, he would not say lost their shafts, but they were damaged. All the engineers he had consulted (he need not mention their names) felt certain of one thing, that with a large area and the Mine entirely under the Company's control, no one need feel any doubt as to the success of the underground system. It was true that a certain percentage of the Blue might be lost; but he would ask the meeting as sensible men whether, when there were ten, twenty, or thirty million loads of Blue in front of them—in fact, an unlimited supply—the loss of a small percentage was anything worth taking into calculation in the working of the Company. Another Shareholder had mentioned the outside rock shaft; he had forgotten to refer to it. As Shareholders could perceive, it was going down at the rate of 8 or 10 feet per week. There was no difficulty in sinking, and the total cost, including the cost of all the accessories, fuel, blacksmiths, and material, amounted to about £40 per foot. The dimensions were twenty feet by six. The Directors proposed to sink it 1,000 feet. The sloping shafts provided ample means of output, and this shaft was by way of extra security. While he was speaking on this point, it would be well to speak of the West End claims, which were not calculated at all in the number of proved claims. The yield of these West End claims had increased at the 500 feet level to $\frac{1}{3}$ of a carat per load. On the top the yield was only ten carats per 100 loads. There was a chance that at a deeper level the west end ground would be found quite valuable. For that reason alone he would advocate the sinking of the outside shaft, because at some depth it might be found that the whole of that area was equally rich with the rest of the Company's ground.

Mr. PETERSEN asked whether the Kenilworth asset had been paid for? because it did not so appear in the accounts.

The CHAIRMAN said that on the 31st March, the date of payment according to the agreement had not arrived. Since that date £4,000 had been paid.

The motion for the adoption of the Report was then put and carried unanimously.

Mr. HINRICHSEN said that as Mr. Jones had rendered such valuable services to the Company the Directors ought to be empowered to give him a bonus by way of recognition thereof. He moved accordingly, and that the amount of the bonus be left to the discretion of the Directors.

Mr. H. B. HART seconded, and the motion was carried unanimously.

Mr. C. D. RUDD said that in spite of the reference in the Report to the expenditure of the Company on the hospital in the free native's compound, and the consequent relief to the Carnarvon Hospital, he would ask the Meeting to pass a special donation to that hospital, for the purpose of assisting in the erection of extra accommodation for those ladies who were devoting their lives to the relief of the sick, and for whom the accommodation was totally inadequate. He believed a great many gentlemen in the place had subscribed, and many urgent appeals had been sent out, but it was well that the Directors should have the direct authorization of the Shareholders. He moved that the Directors be empowered to give a hundred guineas to the hospital to assist in the purpose he had spoken of.

Mr. SCHWABACHER seconded, and the motion was carried.

Mr. SCHWABACHER then proposed that a bonus of £1,500 be voted to the Directors during the year, to be divided as they might see fit.

Mr. H. B. HART thought £1,500 was totally inadequate, and he moved an amendment that £5,000 be voted as the Directors' remuneration, considering the very arduous labours of the year. The £400 voted to them in the past was quite inadequate.

The CHAIRMAN, while thanking Mr. Hart, said the Directors would far prefer the original proposition. Most of the Directors were very large Shareholders indeed, and were rewarded for their exertions by the improved position of their Shares. In helping the Shareholders they had helped themselves.

Mr. RUDD entirely concurred, and said that he was quite sure the Directors in London would agree with these views, as they all looked upon their position as an honorary one.

The amendment was then withdrawn, and the proposition carried unanimously.

Mr. ROBINOW said the Shareholders would join with the Directors in regretting the death of the late Secretary, who had shown himself very able in his position; but a good successor had been selected in Mr. Feltham, and he moved that bonuses be granted to the Secretary and other heads of departments, the amount to be within the discretion of the Directors.

Mr. HINRICHSEN seconded, and the motion was unanimously adopted.

ELECTION OF DIRECTORS.

Mr. CARLISLE proposed that the following be the Directors for the ensuing year: Messrs. C. J. Rhodes, M.L.A., C. D. Rudd, M.L.A., F. S. P. Stow, Robt. English, G. W. Compton, J. Morrogh, T. Shiels, H. Mosenthal, C. E. Nind, and A. Beit.

The CHAIRMAN said they would have liked to put a representative of the Oriental Company on the Board, but the trust deed limited the number and there was no vacancy, unless some Shareholders of long standing who had worked for the Company in the past were removed. By arrangement with the Victoria Company, as soon as the amalgamation was completed the trust deed would have to be altered so as to admit their representative.

Mr. PETERSEN seconded the motion, which was carried unanimously.

AUDITORS.

MR. DREYFUS proposed and MR. VAN BEER seconded the re-election of Messrs. W. H. Craven and H. F. E. Pistorius as Auditors. The motion was carried.

This concluded the business.

SPECIAL GENERAL MEETING.

A Special General Meeting of Shareholders was then held, Mr. Rhodes in the Chair, for the purpose of ratifying the share purchases in the Gem and Victoria Companies.

The CHAIRMAN said he need not go into those transactions, as he had already fully explained them. He therefore hoped some Shareholder would propose a motion to sanction the purchases.

Mr. H. B. HART proposed that the purchases made by the Directors of shares in the Gem and Victoria Companies be approved.

Mr. SCHWABACHER seconded and the motion was carried unanimously.

The Meeting broke up with a vote of thanks to the Chair.

THE
De Beers Mining Company,
LIMITED.

CAPITAL - - - - £2,509,620

IN £10 SHARES FULLY PAID UP.

EIGHTH ANNUAL REPORT, MAY 1888.

Chairman:
HON. CECIL JOHN RHODES, M.L.A.

Directors:

MR. C. D. RUDD, M.L.A.
MR. ROBT. ENGLISH.
MR. G. W. COMPTON.
MR. JOHN MORROGH.
MR. THOS. SHIELS.
MR. HARRY MOSENTHAL.
MR. CHAS. E. NIND.
MR. ALFRED BEIT.
MR. R. HINRICHSEN.
MR. E. BRUCH.
MR. FRANCIS OATS.

General Manager:
MR. GARDNER F. WILLIAMS.

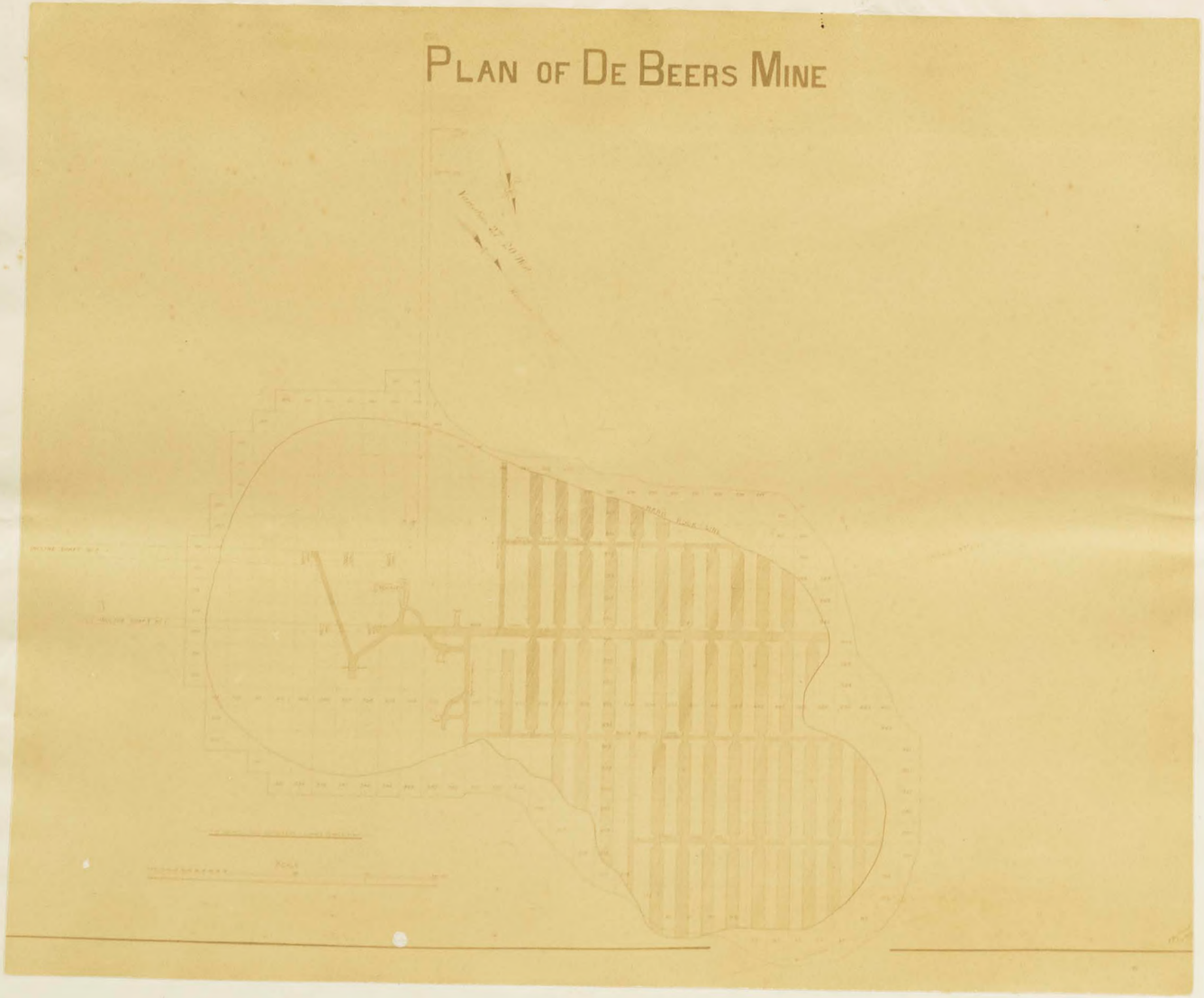
Secretary:
MR. H. I. FELTHAM.

Sub-Secretary (London):
MR. E. R. TYMMS.

Head Office:—De Beers, Kimberley, Griqualand West.
London Transfer Office:—80, Winchester House, Old Broad-St.

KIMBERLEY:
W. ROPER, PRINTER.
1888.

Plan of De Beers Mine



SECTION THROUGH DE BEERS MINE

REPORT OF THE DIRECTORS

—OF THE—

De Beers Mining Company, Limited.

—FOR THE—

YEAR ENDING 31ST MARCH, 1888.

:o:

TO THE SHAREHOLDERS.

GENTLEMEN,—In submitting their Eighth Annual Report, your Directors feel confident that the result will be regarded as eminently satisfactory.

Following the form hitherto adopted, they would observe that the Balance Sheet and Statement of Profit and Loss now submitted show a balance of profit after payment of Dividends (£508,043 10s.) of £237,772 14s. 10d., being an increase on the year of £58,686 1s. 5d.

During the year 873,178 loads of Blue Ground have been hauled (exclusive of 16,715 loads delivered to the Elma Diamond Mining Company, and 615 to the Victoria Company) and 857,900 washed, yielding 979,732½ carats of Diamonds, realizing £934,085 14s. 6d. The expenditure connected herewith was £415,188 1s. 11d., leaving a profit of £568,897 12s 7d. on the actual working.

The Profit and Loss Account stands as follows:

Balance as above	£568,897	12	7
Increase of Blue Ground	9,967	3	1
Dividends on Investments and other receipts ...	36,495	10	7
Profit on 50,000 De Beers Mining Company Shares	100,000	0	0
Leaving a Gross Balance of ...	715,360	6	3

which has been appropriated as follows:

Payment of Dividends...	508,042	10	0
Interest, account of Loans and Debentures ...	18,620	14	3
Commission and expenses in connection with the Company's holdings	25,073	3	11
Amount written off Gem and Victoria Share purchases and Gem Co.'s Bond ...	104,937	16	8
	656,674	4	10
Carrying forward for the year a balance of	58,686	1	5
	£715,360	6	3

The average yield per load is	1·142 Carats.
„ value per carat	20/1¾ „
„ value per load	22/11¼ „

During the first six months of the year a large quantity of ground was washed from the West ıd Galleries which has materially reduced the average yield, and this is proved by the increased aver- ge of the past six months and the final returns of the Elma and Victoria Companies, the former show- g that the yield of 60,463 loads of clean blue delivered to them by this Company was no less than ·089¾ carats, and the latter 151,000 carats from 108,794 loads.

The actual cost of production has been 9s. 6½d., which is an increase upon the cost of the evious year's working. It will, however, be noticed that large sums (£27,451 0s. 8d) have been ritten off in preparatory works, and are included in this year's working expenses, and that further a rge amount has been expended under the head of Maintenance Account as owing to the recent amal- ımations the Plant required considerable alteration. This year's working has been solely underground ıd the heavy expenditure incurred in previous years for Reef work has been done away with. The orking expenses, however, will be largely reduced now that the underground works and machinery are pproaching completion.

PROPERTY, MACHINERY AND PLANT.

The property last year which stood in the Balance Sheet at 21,500 now Stands at £27,651 's. 5d., the difference having been expended on the purchase of houses for the General and Assistant anagers, the Compounds and Convict Barracks.

An amount of £31,041 9s. 11d. has been added to the Machinery and Plant Account, this cludes the purchase of four new Washing Machines, the 80-h p Hauling Engine for the new West nd Shaft, 500 side-tipping Trucks, &c., and a further sum of £6,888 19s. 11d. has been expended on e plant and erection of the Electric Light.

Your Directors have not written off anything for depreciation this year as the whole cost of aintenance has been charged to Profit and Loss, and they consider that any depreciation is much more ıan covered by the value of the Machinery taken over from the Victoria, Gem, and Schwab's Gully ompanies.

UNDERGROUND WORKS.

Your Directors are pleased to say that they were fully justified in their anticipation of the ıtput from the Sloping Shaft as the average for the current year has been 2,540 loads per diem. They ave now a second Sloping Shaft opened at the West End of the Mine, which will enable them, if ecessary, to at least double the output.

The Rock Shaft outside the Mine is completed to the proposed depth of 841 feet, and con- derable progress has been made with the drive connecting it with the Mine. It is proposed to con- nue sinking this shaft by degrees so as to tap still lower levels in the Mine.

WATER.

A further set of powerful Pumps has been ordered from Home capable of coping with the ater in the deeper levels of the mine. A very considerable saving in the quantity of water taken from ıe Kimberley Water Works Company has resulted from the pumping during the past year.

CONVICT LABOUR.

This form of labour has continued to prove most satifactory, and your Directors having com- leted arrangements for increased accommodation, have entered into a further agreement with the overnment for the supply of native convict labour.

COMPOUNDS FOR FREE LABOUR.

Your Directors have much pleasure in reporting that complete success continues to attend the ystem of compounding the free native labourers. Very extensive additions have been made to the ompounds and Hospital, which are now capable of accommodating over 2,500 natives, who are per- ectly contented and satisfied with the arrangements.

BALANCE, PROFIT AND LOSS (£237,772 14s. 10d.)

As stated in last year's Report, it must be borne in mind that this balance is not available f distribution, but is represented by various items of assets, such as Claims, Shafts, Property, Machiner and Blue on Floors, which have been paid for out of profits and without increasing the Capital of tl Company.

AMALGAMATIONS AND INVESTMENTS.

You have at various special meetings confirmed the amalgamation of the Oriental a Victoria Companies properties in De Beer's Mine, and the purchase of the French Company's proper in the Kimberley Mine. Your Directors have further bought the property of the Schwab's Gul Company for the sum of £45,000, and Mr. CORBRIDGE's claims for £3,000, thus completing the enti amalgamation of the De Beer's Mine.

You have further confirmed the sale of the French Company to the Kimberley Centr Diamond Mining Company for 35,600 £10 shares (deferred to 7th October, 1888) and £100,000 cas the latter Company redeeming the Debentures (£200,000) due to the French Company on the 17 May next. This transaction has only been completed since the close of our financial year, and ther fore does not appear in this year's Balance Sheet.

Referring to Share Investment Account, you will see that, in addition to the purchases of tl interests in the Bultfontein and Dutoitspan Mines which you have previously confirmed, 23,470 £1 Shares in the Kimberley Central Company have been acquired which, together with the 35,600 Shar above referred to, give you an important voice in the Kimberley Mine, and your Directors feel confide that the resolution passed by you at the meeting of the 31st March will bring about the comple fusion of the Diamond Mining interests.

C. J. RHODES, CHAIRMAN.
JOHN MORROGH,
G. W. COMPTON,
THOS SHIELS,
C. E NIND,
ALF. BEIT,
} Directors.

HAULING FOR THE YEAR ENDING 31st MARCH, 1888.

MONTH.	16 CUBIC FEET LOADS.			
	BLUE GROUND.	DEBRIS.	MAIN REEF.	TOTAL.
1887.				
April	54,548	2,534		57,082
May	58,000	4,180		62,180
June	60,464			60,464
July	68,537			68,537
August	70 570			70,570
September	65,897			65,897
October	79,475			79,475
November	80,561			80,561
December	83,564			83,564
1888.				
January	101,530			101,530
February	82,619			82,619
March	84,743			84,743
Total	890,508	6,714	Nil.	897,222

TABLE OF STATISTICS

OF THE

DE BEERS MINING COMPANY,

SINCE ITS FORMATION IN 1880.

Year ending 31st March.	Number of Loads of "Blue" Hauled.	Number of Loads of "Dead" Ground Hauled.	Number of Loads of "Blue" Washed.	Number of Carats of Diamonds Found.	Amount realised by Sale of Diamonds	Number of Carats per Load of "Blue."	Amount realised per Carat Sold.	Amount realised per Load.	Balance of "Blue" on Floors at end of Year.	Dividends Paid during the Year.	Cost of Production per Load.	Capital of Company during the Year.
					£ s. d.							£
1881	73,642	50,000	73,642	51,682	62,367 17 4	·7	24/1	16/11	Nil	11,600=5½ p.c.	..	200,000
1882	99,439	96,731	96 439	76,8.9	164,552 8 8	·797	27/3	21/8	3,000	19,966=3 ,,	13/2	665,550
1883	179,785	143,369	166,136	149,396	158,675 4 3	·895	21/3	19/1¼	16,649	37,714=5⅔ ,,	11/9½	665,550
1884	220,046	204,977	173,666	177,246	198,268 12 9	1·02	22/5	22/10	63,029	52,148=7 ,,	10/	755,120
1885	398,613¾	427,215	323,324¾	278,018	287,469 15 7	·859	20/8	17/9	138,318	62,666=7½ ,,	8/1	841,550
1886	391,749¼	569,551	299,467	395,001	323,499 7 2	1·319	16/4½	21/7	230,660¼	121,814=12 ,,	8/3½	1,045,120
1887	589,317	404,387¼	487,295¾	560,253¾	517,103 18 4	1·15	18/5½	21/2⅔	288,133½	199,349 4/=16 ,,	8/2·15	1,265,6.0
1888	890,508	6,714	857,906	979,732½	984,085 14 6	1·142	20/1¾	22/11¼	303,405	508,042 10/=25,,	9/6½	2,332,170
Total	2,843,100	1,902,944¼	2,477,816½	2,668,188¼	2,63 ,022 18 7	1·076	19/9 1/10	21/3⅓	303,405	*1,013,299 10/=71⅔%	9/6½	

Exclusive of £177,450 deferred capital.

* In addition to above dividends, 41 per cent. has been di tr.bu'ed in Bonus Shares.

De Beers Mining Company, Limited.

BALANCE SHEET 31st MARCH, 1888.

LIABILITIES.

Capital Account:			
Ordinary	£2,332,170 0 0		
Deferred to July 1, '88 ..	177,450 0 0		
		£2,509,620	0 0
Bills Payable		73,245	18 6
Sundry Creditors		11,420	1 8
Fractional Share Account		7,434	0 0
Unclaimed Cheques & Dividend Warrants, Ac		369	9 3
Beit, Alfred:			
Amount due in connection with purchase of Shares		388,952	10 0
Adamant Diamond Mining Co., Ld.:			
Amount due under Amalgamation Agreement to be paid in instalments of £2,000 and £ 5,000 on 29th May and 29th Aug, 1888, respectively		17,000	0 0
Debenture Account:			
1st Debentures on De Beer's Mine	£225,000 0 0		
2nd do, do.	250,000 0 0		
Debentures on French Company's Claims, Kim. Mine	200,000 0 0		
		£675,000	0 0
Dividend Account:			
Dividend declared 31st March, 1888, of 10 per cent. equal to 20s. per share for quarter ending that date	233,217 0 0		
Dividends unpaid	53,386 12 0		
		286,603	12 0
Cape of Good Hope Bank:			
For advances made for Share purchases ..		*525,728	0 5
Standard Bank:			
For advance made for Share purchases ..		110,000	0 0
Profit and Loss Account—Balance ..		237,772	14 10

*The total debt to this Institution has now been reduced to about £250,000.

Carry forward £4,843,146 6 8

ASSETS.

By Claim Account, viz:			
1887.			
March Balance as per last year's Report ..	£1,280,767 5 5		
May Purchase of claims Willis and De Beer's Mining Board	192 1 6		
,, Do. Oriental claims ..	64,000 0 0		
June Do. Gem D. M. Co. claims	180,000 0 0		
Aug Do. Victoria D.M. Co. claims	755,500 0 0		
Oct. Do. French D. M Co. claims	700,000 0 0		
,, N. M. Rothschild & Son, commission in connection with French purchase ..	100 000 0 0		
Transfer expenses French Co to De Beers Mining Co.	5,063 0 0		
Nov. Purchase of Schwab's Gully Claims	45,000 0 0		
1888.			
Feb. Do. Corbridge's claims ..	3,000 0 0		
		£3,133,522	6 11
By Investments:			
Disbursements in connection with Lutoutspan claim purchases represented by 10,242 Shares of £10 each in the Griqualand West D. M. Co., Ld	62,687 16 7		
Disbursements in connection with Bultfontein Mine claim purchases represented by 87,744 Shares of £1 each in the Bultfontein Consolidated Company	89,444 3 7		
Kenilworth Estate	8,842 2 2		
Purchase of 23,470 Central Co. Shares at a total cost of ..	967,855 17 10		
		£1,128,830	0 2
By Property Account:			
Local	9,940 15 4		
Convict Barracks	5,245 8 7		
West End Compound ..	11,054 3 0		
Floors Compound	1,411 10 6		
		£27,651	17 5
,, Kenilworth Reservoir:			
Amount expended to date		1,819	19 10
,, Live Stock		1,907	14 9
,, Waldrift Coal Farm:			
Amount advanced to meet transfer expenses and wages of management		525	0 0
,, Stock of Coal on Hand		4,113	7 11
,, Stock of Blue Ground:			
303,405 16 cubic feet loads		60,681	0 0
Carry forward		£4,359,051	7 0

Brought forward			£4,843,146	6	8		
						Brought forward	£4,359,051 7 0
						,, Stock of Lumps:	
						77,390 16 cubic feet loads	3,869 10 0
						,, London Office	1,690 11 11
						,, Office, Household and Compound Furniture ..	1,748 18 9
						,, Merchandize in Compound Stores	1,028 8 11
						,, Machinery and Plant	81,041 9 11
						,, Electric Plant	6,888 19 11
						,, Shaft in Hard Rock, amount expended to date £33,180 5 9	
						,, West End Shaft No. 1, amount expended to date 10,767 7 5	
						,, West End Shaft No. 2, amount expended to date 18,177 17 4	
						,, Gem Shaft, amount expended to date 986 8 3	
						,, Oriental Shaft (air) amount expended to date 83 13 0	
							£63,195 11 9
						,, Development of Underground Works:	
						At 600 feet level . .. £15,000 0 0	
						At 700 ,, ,, ... 9,561 3 11	
						At 800 ,, ,. 185 19 0	
							£24,747 2 11
						,, Sundry Debtors	8,518 10 7
						,, Diamonds on Hand:	
						78,634½ cts. at 18s. per carat	70,771 1 0
						,, Dividends due on Investments:	
						On Kimberley Central Shares £21,123 0 0	
						On Bultfontein Consolidated Co Shares 3,509 15 3	
							£24,632 15 3
						,, Cash at Bankers:	
						Cape of Good Hope Bank £134,933 18 9	
						Dc. Fractional Share Account 7,434 0 0	
						Do. Suspense Account 207 8 0	
						Do. Dividend Account 53,386 12 0	
							£195,961 18 9
			£4,843,146	6	8		£4,843,146 6 8

C. J. RHODES, Chairman.
W. PICKERING, Acting Secretary.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beers Mining Company, Limited, and that the above account is true and correct.

W. H. CRAVEN, }
C. CAIRNCROSS, } Auditors.

De Beer's, Kimberley, 10th May, 1888.

Profit and Loss Account from 1st April, 1887, to 31st March, 1888.

DR.				CR.			
CHARGES.				Increase in Blue Ground on Floors			£8,232 11 1
Advertising and Stationery ..	£ 1,877	19	10	Do. Lumps ,, ...			1,734 12 0
Bonus	2,786	13	4	Commission, Gem Company			967 18 10
General Charges	5 480	9	3	De Beer's Mining Board:			
Interest and Discount	10,745	14	3	Surplus rates refunded			1,635 2 6
Law Costs	600	7	3	Independent Diamond Mining Company:			
London Office	1 631	8	5	Proceeds of Shares sold			1,004 16 0
Do Agents	2,439	19	3	Washing on Percentage			492 8 0
Plans and Survey Fees . ..	298	10	0	Dividends on Investments			32,395 5 3
Rates, Licences and Taxes ..	8,356	13	6	Diamonds:			
Salaries	13,683	1	2	Proceeds of 979,732½ carats found during year ..			984,085 14 6
			£48,900 16 3	Profit on sale of 50,000 De Beers Shares issued to Shareholders of French Company..			100,000 0 0
WORKING EXPENSES.							
Compound Expenses ..	£12,537	5	2				
Contractors' Account hauling and washing blue ground	135 839	11	10				
Convict Labour	11,151	10	3				
Fuel	37,836	15	3				
Electric Lighting	1,973	3	9				
Paraffin and Candles	3,169	12	3				
Produce	8,519	16	10				
Prospecting	21	0	0				
Pumping	12,214	8	11				
Sanitary	46	15	0				
Searching System	197	16	6				
Wages	77,352	12	1				
Water	9 628	11	10				
			310,488 19 8				
MAINTENANCE.							
Convict Barracks (Vtce of) ..	£56	3	1				
Floor Compound (do.)	12	4	5				
Machinery (do.)	43,129	5	5				
			43,197 12 11				
Development 500 ft. Level ..	16,713	2	11				
Do. 600 ,, ..	10,737	17	9				
			27,451 0 8				
Coal Dépôt			350 0 0				
Vertical Hauling Shaft, in Mine			1,091 10 6				
Elma Diamond Mining Company			91 12 5				
Eagle Diamond Mining Company			3,267 7 9				
Oriental Diamond Mining Company			1,067 10 0				
Victoria Diamond Mining Company . ..			249 1 2				
Commission Oriental Amalg. ..	£4,000	0	0				
Do. French Purchase ..	1,000	0	0				
Do. Debentures	5,200	0	0				
			10 200 0 0				
Interest on Debentures			7,875 0 0				
Stamps on Bonds and Debentures			3,971 0 0				
Gem Company's Shares			36,922 18 3				
Balance of Gem Bond			10,448 10 11				
Victoria Company's Shares			57,566 7 6				
Debris			680 8 9				
Balance of Profit			566,728 11 5				
			£1,130,548 8 2				£1,130,548 8 2

To Dividends paid for the year ..	£508,042	10	0	By Balance of Profit for the year ..	£566,728	11	5
,, Balance carried forward ..	237,772	14	10	,, Brought forward from last year	179,086	13	5
			£745,815 4 10				£745,815 4 10

C. J. RHODES, Chairman.
W. PICKERING, Acting Secretary.

We certify that we have examined the Books, compared the Vouchers, and checked the Balances of the De Beer's Mining Company, Limited, and that the above account is true and correct.

W. H. CRAVEN,)
C. CAIRNCROSS,) Auditors.

De Beer's, Kimberley, 10th May, 1888.

DE BEERS MINING COMPANY, LIMITED.

To the Chairman of the Board of Directors of the De Beers Mining Company, Limited.

DEAR SIR,

I beg to submit the following report of the past year's work, and will add a few words on the present method of working the Mine and upon the permanency of the diamond-bearing ground.

THE MINE.

Upon taking charge of your property a year ago the only available means of extracting diamond-bearing ground ("blue") from the underground works was through the incline Shaft No. 1, situated at the west end of the Mine. This Shaft and the Hauling Plant was originally constructed with the view of hauling from 1,200 to 1,500 loads of 16 cubic feet per day of 24 hours, but during the month of May this amount had been increased to 2,100 loads, and later on by increasing the capacity of the skips we were able to haul an average of 2,665 loads during the month of January and a daily average for the year of 2,540 loads. In order to further increase the output a tunnel was made in the high bank on the west end of the Mine at a depth of 380 feet from the surface, and an ærial tram constructed. A vertical hauling shaft was sunk in the blue ground from the 380′ to 505′ level through which blue ground was hoisted from the 505′ level and levels above to supply the ærial gear. This gear commenced hauling on the 12th of September and continued until the 24th of March, when it was stopped owing to the fact that we could hoist the ground much cheaper through the two west end shafts. During the time the ærial gear was running we hoisted 111,394 loads. It was stated in your last annual report that the Gem Shaft, a small shaft sunk in the blue ground in the open mine, would be fitted up for work. This was deferred for some months and the ærial tram constructed in its stead. Later on it was put in working condition, and hauling commenced on the 23rd of November and continued until the 2nd of February, when the shaft showed signs of breaking up, and became too dangerous for working purposes. It has been kept open as an air shaft since hauling was discontinued. The amount of blue hoisted through this shaft was 25,890.

WEST END SHAFT No. 2.

During the month of June ground was broken for a new shaft at the west end of the Mine. It is a sloping shaft with an inclination of 56 degrees to the horizon, and is situated one hundred feet north and one hundred feet west of shaft No. 1. Considerable delay was caused in sinking this shaft, by its passing through the hard Basalt rock near the surface for the distance of 110 feet, and a further 130 feet through the hard amygdoloidal rock. Notwithstanding these drawbacks the shaft was completed and in working order down to the 595 feet level on the 3rd of March, and is now completed to the 685 feet level. This shaft has two working compartments, 4½ x 5 feet each, through which we propose to hoist skips holding 64 cubic feet of blue at a time. There is also a compartment 4½ x 7 feet in which cages will be run to transmit the men to and from the mine, and also for general working purposes, such as sending down timber, rails, blasting material, &c. The 4½ x 7 feet compartment of this shaft will be sunk to the 800 feet level, and a connection made with the tunnel from the rock shaft mentioned later on.

The mine was originally worked as an open quarry down to a depth of 400 feet, the blue ground being brought to the surface by means of aerial trams working on the edge of the reef. When in consequence of the subsidence of the surrounding reef it was found impossible to continue this method of working except at almost ruinous expense, a sloping shaft was sunk (referred to in this report as West End Shaft No. 1) outside the mine at the west end, passing through the surrounding shales and tapping the blue ground at the depths of the 380, 505 and 595 ft. levels. On these levels tunnels are driven through the mine as shown on the plan. After the main tunnels have been driven galleries are opened up with centres 36 feet apart. These galleries are worked out 18 feet wide and 18 feet high, leaving a roof of 12 feet of solid blue, which forms the floor of the level above, and a solid pillar 18 feet thick between the galleries.

By the first working of the galleries about 30 per cent. of the blue is taken out. The tops of the galleries on the highest level are then taken out and the galleries filled with debris from above, lastly the pillars themselves are removed, thus nearly the whole of the blue is extracted. This method of working is repeated from level to level.

The 380 feet level was for the most part worked out before the underground system was adopted. Four intermediate levels were opened up between the 380 and 505 feet levels, worked in the manner described above, the ground however being tipped into shoots which carry it to the main levels, from which it is drawn off and sent to the surface. Two of these levels are still being worked and yield about 1,000 loads of blue a week. I estimate that there still remain about 50,000 loads of good blue above the 505 feet level. There are two intermediate levels between the 505 and 595 feet levels. I estimate the amount of blue between these two levels at 1,600,000 loads; a considerable portion of this blue in not available at the present time on account of the broken ground which was caused by the excavation of large chambers in the Victoria and United claims

before they were amalgamated with this Company. This ground will be extracted as soon as tunnels on the 625 feet level can be run under it. We are now opening up two levels between the 595 and 685 feet levels. Work in this direction has been greatly retarded by the flooding of the lower level in July last. When we took over the Victoria Company the lower levels of that mine were full of water. This was drawn off through the main east tunnel on the 595 feet level, but in opening up another section of work a large stream of water broke in and completely flooded the lower works. We are now pushing on the work in this section of the mine as rapidly as possible and will soon be in position to largely increase the output.

I estimate the quantity of blue ground already proven as follows:

Above the 505 ft. level	50,000	loads.
Between the 505 and 595 ft. levels	1,600,000	„
Between the 595 and 685 ft. levels	2,500,000	„
making a total of	4,150,000	„

The ground which will be opened up by means of the tunnel from the Rock Shaft will add over 3,000,000 loads to this amount, giving a total of 7,150,000 loads in sight.

The amount of blue ground hauled during the year has been as follows:

Through the West End Shaft No, 1	738,768	loads.
By Aerial Gear	111,394	„
By Gem Gear	25,890	„
Through the West End Shaft No 2	14,456	„
making a total of	890,508	„

The amount of Reef hauled is comparatively nothing, being only 6,714 loads during the first month of the year.

The average cost per load of working the blue ground has been materially increased by reason of the large outlay rendered necessary by the sudden change in the method of working the mine and the consequent opening up of more or less temporary works and the alterations in the hauling and washing machinery, the cost of which has been included in the expenses of the current year.

During a greater part of the year the blue has been taken from an area of only 110 claims, the remaining portion of the mine having been cut off by broken ground above referred to. As soon as the 625 ft. level is opened up we will be below these disturbances.

Development Work.—To give an idea of the amount of development work done in the mine during the year I add the following:

Main Tunnels Driven	21,621	feet.
Tunnels Repaired	1,788	„
Passes Sunk	1,887	„
Vertical Hauling Shaft	327	„
West End Shaft No. 2	791	„
Rock Shaft	477	„
Tunnel from Rock Shaft	125	„

Oriental Shaft.—This shaft is situated on the east side of the Mine, and was originally sunk on an incline to the top of the hard rock, and then vertical about one hundred feet. A portion of the timbers had given way, before we took possession of it, at the point where the shale and hard rock join. It is now being repaired, and will be used as an air shaft.

Rock Shaft.—This is a vertical shaft, situate on the north side of the Mine, and about 550 feet distant therefrom. It measures 6 x 20 feet in the clear. At the date of your last yearly report it had been sunk to the depth of 364 feet. Since that time it has been continued to the depth of 841 feet. Near the bottom of the shaft a tunnel has been started, which will reach the Mine at a depth of 800 feet, or 115 below the present lowest level. This tunnel was already driven 125 feet on the 31st of March (and at the present time, May 5th, it is in 202 feet). We expect to be able to reach the Mine before the end of August. A significant fact, ascertained in sinking this shaft, is that at the depth of 685 feet it passed out of the exceedingly hard amygdaloidal rock into quartzite, which has continued down to the present depth. While the quartzite is very much easier to work it stands equally as well as the hard rock. A substantial plant, with engines of sufficient power to hoist skips holding ninety-six cubic feet or six mine loads, is to be erected at once.

Mechanical Haulage.—Considerable difficulty has been experienced in tramming the blue ground from the Mine to the floors during rainy weather. To obviate this, and for the more important reason to lessen the cost of transmitting the blue, a mechanical haulage has been ordered, and will soon arrive. This haulage consists of an endless wire rope to which the trucks are attached The rope is driven by a stationary engine, and is in principle the same as the cable trams now in use in all large cities.

Water.—The flow of water has increased somewhat during the year, as the lower levels have been opened up. There is no water worthy of mention in the blue ground itself, and were it not for the fact that we expose the hard rock which surrounds the Mine, from which the water comes, the Mine would be nearly dry. At the present time the flow of water is only 5,500 gallons per hour from the Mine itself, and about 1,200 gallons from the Rock Shaft. Up to the present time the water has been pumped from the Mine by

means of steam pumps, which are supplied with the steam from boilers on the surface. This method of taking water out of the Mine is very expensive, owing to the style of pumps and also to the great distance between the boilers and the pumps. In order to lessen this expense and at the same remove the steam which causes an unnatural heat in the mine we have now under construction a line of three nine inch Cornish pumps which will be set in the Rock Shaft. These pumps will have a capacity sufficient to handle more than double the present quantity of water when running at normal speed. The water from the mine is used at the washing machines. As soon as the new pumps are erected a large reservoir will be constructed upon the tailing heaps to receive all the water from the mine, and hold it for use when needed.

Mine Labour.—Nearly all the underground work is done under the contract system. Contracts are given to experienced miners at set prices per foot or per load. The average number of white men employed in the mine is 214, and the number of natives is 1350. The Company provides the native laborers who are paid by the contractors. In order to insure a constant supply of labourers we have increased the accommodations of the Compound so that at the present time we have 2,300 natives in the West End Compound, which covers about five acres of ground. Within this area the natives are confined during their time of service and closely guarded so as to materially reduce the stealing of diamonds. Too much cannot be said of the advantages of the compound system. By it we are able to keep a constant supply of labourers. No alcoholic liquors are allowed inside the Compound, and the natives are consequently always fit for work, a great contrast to those who are allowed their freedom. Our natives are better housed and better fed than the uncompounded natives, and are better paid than the miners in any of the European countries. Those unfit for work either through sickness or on account of injuries received in the Mine are taken care of free of cost in the Company's hospital, which adjoins the Compound. There are fewer accidents under the present system than there were in the open workings. A very large majority of the accidents in the mine are due either to the carelessness or the stupidity of the natives themselves. A large percentage of the deaths in the Compounds has been caused by receiving natives who come in companies from the countries north of the Transvaal, many of them so starved and emaciated as to be beyond help.

FLOORS.

We have at the present time about one hundred and fifty acres of land covered with blue ground and about fifty acres covered with cylinder lumps. These constitute our present floors. During the coming winter a large area on the Kenilworth estate will be made ready for receiving blue.

At the commencement of the present year we had nine washing machines in use. We have added two machines to Nos. 8 and 9 and are now erecting four new machines on Kenilworth. To these machines safety pans will be attached for further prevention of the loss of diamonds in the washing process. Should these prove successful similar pans will be added to all the other washing gears. During the year a new pulsator has been constructed and the old one attached to it, so that we are now enabled to pulsate all the deposit from the washing machines during the daytime.

Owing to the heavy and frequent rains, we have had a splendid summer for pulverizing the blue ground. The total number of loads washed was 857,906, and besides a fair quantity of cylinder lumps.

When the new washing machines are ready for work we hope to be able to do away with night work on the floors, thus reducing the cost of working.

Besides the new washing machines which are being erected on the farm Kenilworth, a substantial dam, capable of holding 13,000,000 gallons of water, has been constructed. This dam will be of great value to us, forming as it does a storage reservoir for both rain water and the water pumped from the mine.

Floor Labour.—We have on an average 180 white men and 1,400 natives at work on the floors; 300 of the latter are convicts hired from the Government. The average cost of each convict has been £58 during the last year. The cost of the convict labour seems rather high, but the above amount includes the cost of overseers, guards, food and clothing. It is by far the best native labour we have, owing to the fact that the convicts are obliged to remain for a considerable length of time, while the free natives work only about two months at a time. As soon as the mechanical haulage is completed all natives will be placed in compounds, as there will then be no communication between the labourers on the floors and the outside world as there is at present through the truck drivers. The natives on the floors must be strictly guarded, so that the stealing of diamonds may be reduced to a minimum on the floors as it is at the mine.

CHANGE IN THE SYSTEM OF WORKING THE MINE.

It must be borne in mind that the working of the mine was suddenly changed from a huge open quarry to the underground system, and that sufficient time was not given to prepare the latter before the works in the open mine had to be abandoned on account of the *debris* falling from the sides of the mine, at the same time a greater demand upon the resources of the mine arose owing to the amalgamation with other Companies who for the most part not only retained their blue but received an additional amount from our works in part compensation, hence while we have added by amalgamation large areas of the mine to our holdings as at the close of last year, and have added largely to our dividend bearing shares, we have not yet been able to reap any substantial benefit from these additions as far as increase of blue ground is concerned. We shall shortly be able to overcome these drawbacks and have the mine in position to furnish blue ground equal to any demands which may be made.

That the "blue" will continue to be diamond bearing to an unlimited depth there can be no doubt, and to my mind the best proof of this is that we constantly find fragments of broken diamonds imbedded in the blue and the corresponding pieces are not found in the same neighbourhood. The inference is that the diamonds were crystallized at a great depth and were thrown up with the blue ground and were not formed in situ.

I beg to refer you to the plan and section of the mine which form a part of this Report.

GARDNER F. WILLIAMS,

General Manager.

DE BEERS MINING COMPANY, LIMITED.

From "Diamond Fields Advertiser," Monday, May 14th, 1888.

The eighth annual meeting of the De Beer's Mining Company (Limited) was held on Saturday afternoon, there being present:—The Hon C J Rhodes, MLA (in the chair), Messrs A Archibald, A McGregor, A Moseley, F Matthews, G Imroth, E Bernheim, W H Craven, A Beit, B I Barnato, T J Ball, F Voelklein, F R Despard, L P Robinson, R Maguire, S Allkins, A Goldschmidt, A A Rothschild, H Abrahams, H E Jacobs, E Jacobs, I Hirsche, H Crawford, J Mylchreest, F W Felkin, E Peach, J Morrogh, T Shiels, C E Nind, W Pickering, G W Compton, S Schwabacher, R Allen, R E Wallace, T R English, G F Williams, F B Salomons, J Hocking, A Saalfeld, C van Beek, E Krauss, J D Archibald, C Ruping, H J King, and the following proxies:—Josephine Gardner and W G Baker, by T Reunert; Major E F Rhodes by W Pickering; R English by T R English.

The Secretary (Mr Pickering) read the notice convening the meeting. The report and accounts (which were circulated in pamphlet form) were taken as read.

The Chairman: In moving the adoption of the report and accounts for the current year I may say that I think you will feel a certain amount of satisfaction in perusing the statements that are now laid before you. I may say that the balance to profit and loss account represents a sum of no less than £715,360 6s. 3d., and that we have been enabled to pay out of that dividends to the extent of no less than £508,042 10s. The balance of profit and loss account, as you may notice if you peruse the account carefully, is represented by various items, which items are not applicable for distribution, but are as much assets and profits as any other portion of the account. We have pursued always in the past the system of paying for our machinery and other improvements and the increased work necessary out of our current funds. We might, as many other Companies have done, have created a capital account for shafts, for machinery, for development and other items, but as our dividends have been so considerable we have always pursued the course of paying for these out of current funds—if that had not been done doubtless the dividends would have been larger. In the table of statistics appended, one of the most satisfactory features is that in spite of the increased capital increased dividends have accrued. We started with a dividend of 5½ per cent. in 1881, and we have risen in 1888 to a dividend of 25 per cent. per annum, though our capital, has increased from £200,000 to a sum of no less than £2,332,170. I would draw attention also to the fact that our claim account has increased to £3,133,522 6s. 11d., as fully set forth in the statement. It is no fictitious increase, but represents all our different acquisitions and requirements. I mean to say that no one can correctly state, as I have seen it stated, that we managed to make a fictitious increase of capital in order to, as it were, pay bonus distributions to our shareholders. Every increase has been *bona fide*, and represented good value in the acquisition for which it was made. (Hear, hear.) One point I would like also to refer to that under the head of "yield per load," which has been 1.142 instead of 1.15 in the preceding year. I think that has been fully accounted for by the fact that we had during the first six months of the year worked to a large extent in the west-end of our mine, and we have discovered that although it has increased in value it is not in equal proportion to the balance of the mine. And this is proved by the fact of the increased value during the past six months, and the returns of the clean ground hauled and treated since the stoppage of the West End galleries. We have always been hampered by the fact that we had to work at the higher levels, and our ground has been mixed with the dead blue lying above the shale in the Victoria portion of the mine. I am confident that when we work upon our deeper levels we shall have as satisfactory yields as in the past. With reference to the underground works we have laboured under enormous difficulties. You must remember that there was in the past no great faith in underground working, and we attempted to continue open work as long as possible. The sudden change hampered us—we were not able to give that full satisfaction we might have done if we had prepared for the change a couple of years previously. I would point out to you now and ask you to read carefully the report of the General Manager, Mr. Gardner Williams. He states that he has now practically in sight seven million loads of blue. The other levels are nearly completed, and there is not the slightest doubt that we could go on with these underground works practically *ad infinitum*. It is needless for me to point out what seven millions of blue means, in sight. It means that it is high time we were enabled to approach to some control of the industry, because if we have made the returns you find here from one shaft in the past, any one of you will be able to calculate what might be done with three shafts in the future. I feel now perfectly confident we can put out practically an unlimited supply of blue, and I feel also confident that in the future the results of our industry will not be spoilt by an over production. The only other point I should refer to, I think—because I have gone most extensively at the last meeting into the whole policy and objects of the Company—would be our amalgamations and investments. Since we met last we have completed the entire amalgamation of the De Beer's Mine, and I might point out to you on what a profitable basis it was effected. I will take two transactions — which might be deemed by some of you as open to question as perhaps exceeding the powers of the Trust Deed—but I want now to point out what our action has given to you. I will take the two transactions of the Gem and the Victoria Companies. We discovered that the Gem Company owned under the shale paying ground equally rich with the balance of the mine. We bought it for £57,000 and issued it to shareholders at the price of £177,000—because that represents the value per claim of our own good ground. That £177,000 of scrip is to-day worth £40 a share—£700,000. We also about the same time purchased on our own responsibility for the sum of, I think £57,000, a large interest in the Victoria Company. This in-

terest has been very lately issued to you in 7,900 bonus shares. If you multiply that by the market rate you will find that those shares are worth about £300,000. Add the two transactions together and you will find that on an expenditure of about £100,000 we have distributed among you nearly a million of money. These are facts which cannot be denied. They are shares which are intrinsically worth that because they rank in the market with other shares of ours. We again took the responsibility, as you are aware, in relation to the purchase of Centrals, and one of the shareholders told me the other day that if things had gone against us, and war had been declared, some of you would have been prepared to resist that purchase of Central shares. Those shares have cost us I think the sum of nearly £987,000. I have been told they were bought at an excessive rate. Well, even if they had been bought at an excessive rate, if they gave you the control of the industry I should still advocate the measure. But if you will only calculate it out, at a cost of £41 to £41 10s., including the dividend, even supposing it was merely a mercantile transaction, I don't suppose you would object; but if you take it that it has led to our getting control of the Kimberley Mine, I don't think one man would object. One other point, and that is the question raised about the Life Governors. I wish to state to you that that was one of the conditions Mr. Barnato made to me. Even now that the matter is over I am prepared to meet any objections, and I have received cables from England with suggestions on the subject from English shareholders. I say they are the greatest safeguard you can possibly possess. And I'll show you why. It will not be long before this industry will be yielding from three to four millions per annum, and I would point out to you—it is a mere sum, if you will work it out—that the value of this property, with the increase we expect, will be practically almost equal to the whole value of the Colony of the Cape of Good Hope. We have got an industry which is almost like a government within a government. Now no doubt some of you have an idea of departing from here, but you are determined before you leave that in some way or form there shall be men in control who first of all shall have enormous capital invested in the industry—and the qualification for life governors represents a million of money—and whose sole, entire object shall be to make us an enormous dividend. I am quite willing to listen to propositions as to alterations in the form in which the idea is to be carried out, but the principle, as far as I am concerned, I will not abandon. If you were to leave here and leave your money in this industry, the first guarantee you want is that the men in charge of it have such an enormous stake that your interest is theirs. Further, I feel, rightly or wrongly, that this industry is not the same as an ordinary gold mining industry. You must have four or five men with a large stake devoting their whole lives to it. You will have to deal with the political question; with the sale and disposal of diamonds to the extent of three to four million pounds per annum. And I want to ask you, if the whole charge of that industry happened to fall—and it might fall—into the hands of directors with very small qualifications what risks are you not exposed to! And the true protection of that industry when it is amalgamated lies in the direction I have pointed out. I feel sure about that. Some of the clauses in the Trust Deed might be altered, but I still believe the true protection is in the selection of four or five men with an enormous stake in it devoting their whole lives to it, who will not be allowed to speculate in any way or form outside excepting for the Company. These are the principal points which it is necessary and advisable to deal with. There is only one other thing I would say. I would point out that in the past you have had three risks which made diamond mining industries hazardous. First the risk that the depth of the mine was doubtful—that is that at a certain point the diamonds would fail. When you read Mr. Gardner Williams' statement that at 800 feet there are seven millions of loads in sight, you will say you have practically an unlimited amount, and that in investing in diamond shares you are investing in something which are as sound and as safe as English Consols. In the second place a great risk lay in the fact that when the sides caved in you could not work underground without timber—and if you had to use timber in all your galleries the industry might not be profitable. By the most extraordinary luck or good fortune nature has given us a supply of hard ground in the mine that you can run galleries in and under and over to an almost unlimited extent without risk to life. The third risk was, as you could work out almost any amount of stuff—there being no limit to the amount you could produce—over production. Now I wish to point out that that risk is over and done with. In some details we may have made mistakes, but the risk of over production is over. You possess the whole of De Beer's, three-fourths of Kimberley and a controlling interest in Bultfontein and Dutoitspan. It is merely a question of a few months—well, I will say of a year—when you will have complete control of the diamond industry. And then the third risk disappears. We have cables from our representative at home as to the question of the trust deed and also as to the question of dealing with the Central, and holding out hopes that the whole thing will be soon settled, I was still trying to get the best terms I could, and I believe now that the very words used in my speech could be fulfilled. But other considerations came in and I am pressed on all sides to get the matter finished. If that is the feeling of shareholders I shall not stand in the way and I do hope that very soon we shall have finally settled our difficulties with the balance of the Central shareholders and then the amalgamation will be complete. (Hear, hear.) From that it will be but a small step to arrange with our friends in Dutoitspan. Some gentlemen seem to think I was hard in my statement as to what I thought was the value of Dutoitspan, but I have always considered that as a producing factor we must deal with it, and deal with it in a liberal spirit; though what I object to is the consideration of Dutoitspan on the basis of De Beer's. The suggestion was made that De Beer's did but a million per annum and Dutoitspan did a million, and therefore Dutoitspan was as good as De Beer's; but I am prepared to deal with Dutoitspan in an exceedingly liberal spirit, because it is a producing factor. But by throwing on the market without any profit nearly a million per annum they not only hurt themselves, but they hurt us too, and I feel sure we can come to some conclusion with the shareholders of Dutoitspan, and I feel certain that whatever interest is given them in the way of preferent shares with fixed interest or a lease it will be the first time in their history that a Dutoitspan shareholder will be able to look at his scrip and say "At any rate upon that I shall get so much per annum." I hope it will not be long before we shall be able to announce to you the completion of the amalgamation of the industry, and if there have been mistakes in our policy I do consider when you look back upon the last four or five years and consider what we have been through and how great was the personal responsibility we have had to take, we can ask every consideration from you as our

shareholders; and I do not think there is one of you here, but if we had told you two years ago that we could raise your shares from £10 to £40 would have laughed at us. But there the fact is It is true that five weeks ago you reached £49 and then collapsed, but if you would notice the slow, steady growth of the English purchases you would also notice that they have lost no more than could be accounted for by the exigencies of speculation. A temporary expansion was caused by a rise of £10 in one day here which forced the English market up; but if you take the steady growth of the English Stock Exchange quotations, I think you will own that £40 is a fair and a sound price. I don't feel in the least a want of confidence in the correctness of my statement as to what De Beer's will go to. I have always said "Give us time." If in spite of the realization of no less than 30,000 shares from Kimberley in the last month on the Home Stock Exchange—owing to the forced sales caused by the action of our local institutions—if in spite of all the bear tactics of to day we still maintain the price of £40, I think you may well maintain your confidence in the future of the industry. It seems extraordinary that in spite of the stoppage of all accommodation by the local institutions the English market should have remained so firm, for within the last five weeks there has been thrown on the Home market scrip to the value of nearly £1,200 000. And if our industry has stood all that we can confidently look forward to its success in the future. With these remarks I beg to move the adoption of the report. (Applause)

After a pause,

Mr. McGregor seconded the resolution, which was agreed to without dissent.

The Chairman said there was one question he would like to have discussed. In the past the directors would take no remuneration, but in the future he thought as they devoted their whole time to the affairs of the Company it was a matter that could be considered. One gentleman had helped him about the French purchase—Mr De Crano—representing Rothschild's firm. He should like a discussion as to voting something to Mr De Crano for his assistance in Paris.

Mr Beit said Mr Stow and Mr Posno had resigned their seats on the Board of Directors—it would be necessary to elect fresh directors.

The Chairman said Mr Stow was entirely and thoroughly with them, but he wanted an independent position, and as he was going to be at Home for some time, when he was out here he resigned. He was thoroughly with the directors, however; in fact he was negociating the whole arrangements with the Rothschilds as to Centrals and De Beer's.

The following directors were unanimously elected: The Hon C J Rhodes, MLA, Messrs C D Rudd, MLA, R English, G W Compton, J Morrogh, T Shiels, H Mosenthal, C E Nind, A Beit, R Hinrichsen, F Oats, and E Bruch.

Mr Barnato understood the new electors were only to wind-up the Company.

The Chairman replied that the directors were elected pending the liquidation of the Company, which would be accomplished in a very short time now. When the new debentures were issued arrangements would be made, and the property transferred to the Consolidated.

Mr Barnato: Then the next dividend will naturally come from the Consolidated Mines?

The Chairman: Yes, I hope the next dividend will come from the two mines amalgamated. The Company will continue as in the past pending the transfer of the property, which by resolution will be on the 31st July.

The Chairman explained that Mr Beit was going away for about six months, and Mr Bruch would represent his firm at the Board. They were very much indebted to Mr Beit for the loan of £388,000 without interest or commission. Without Mr Beit's support they would not have been able to complete the arrangement with the Central.

Messrs Craven and Cairncross were elected as auditors, the remuneration being fixed at £150 each.

Upon motion of Mr Dreyfus, seconded by Mr Barnato, it was resolved that it be left to the discretion of the directors to give a handsome bonus to Mr De Crano.

Upon motion of Mr Salamon, seconded by Mr Archibald, it was resolved that a bonus should be given to the heads of departments, the amount to be left to the discretion of the directors.

The Chairman suggested that a grant should be passed to the Undenominational Schools.

Mr Barnato moved that a sum be voted to the schools—the amount to be left to the discretion of the directors.

Mr McGregor seconded the motion, which was agreed to.

Mr Dreyfus moved that £1,500 be paid to the Board of Directors.

Mr Imroth seconded the motion, which was agreed to.

Mr Dreyfus: A vote of thanks to the Chairman——

Mr. Barnato said before that meeting broke up he should like to say a few words in reference to the Chairman and the directors and their past services. He rather regretted that it had fallen to his lot to do so, for he was not very bright in eulogising anyone—perhaps criticising them was more in his line. (Laughter.) But after the various remarks and the cutting notes received from various journals in London—he should rather say in England—it behoved them to pass an extra vote of confidence in the directors and of thanks to Mr. Rhodes for the services rendered to the De Beer's Mining Company. Mr. Rhodes himself had pointed out what had been done and what he and his colleagues had raised the shares to—and for that and the consideration of the interests of the various companies they had in a very great measure to thank Mr. Rhodes. No person knew better than he (Mr. Barnato) did as to the labour Mr. Rhodes had to convert him into the De Beer's Mining Company. (Laughter). He could say that day after day and night after night Mr. Rhodes was labouring to get him to take De Beer's for Centrals. He gave way when he saw diamonds down to 18s. a carat—he then saw no alternative but to consolidate the interests of the companies—and on those conditions he came in Another condition was made a *sine qua non*. He had devoted a lifetime to further the prosperity of that industry, and with the interests he held in these mines—very close on two millions of money—he should have been a fool to allow them to be in the hands of any particular body of men. One never knew what might happen—especially what might happen here—if this property got into the hands of a London Syndicate they might knock it about as they liked. Therefore he had determined to protect his own interests by acting as a Life Governor. Remarks had been made outside with reference to the profits Life Governors would get. Mr. Rhodes had pointed out that he had, more or less, devoted his life to the affairs of that Company, and that it would be only after 30 per cent. had been paid to the shareholders that anything would be paid to the Life Governors. Well in the event of the consolidation, which he hoped would take place, the capital would be about four millions, and there would have to be a profit of 30 per cent. on that before one sixpence went to the Life Governors. Moreover they

had to keep an interest of over a million of money in the Company, and if they held any interest in outside mines they forfeited their positions and their qualifications. If ever there was a safeguard the holdings of the Life Governors were a sufficient guarantee. He for one should have to stop in this country to show more than 30 per cent. —although no doubt they might be called away from Kimberley to Capetown during the session to attend to their Parliamentary duties. (Hear. hear, loud laughter, and applause. A Voice: "We!!") Yes, to attend to their duties. (Laughter.) If he were to state that they were now looking after a Water Bill to see if a saving could not be effected in that direction, perhaps he would be understood. All that sort of thing would devolve on the Life Governors, who would have to look out sharp to see if it were not possible to make some profit after 30 per cent. If they made 40 per cent. they would make a half per cent. each. But in the first place they had to make £1,600,000 a year before any of that profit came in. Mr. Rhodes had stated that he hoped in a very short time to be able to announce Unification. When he (Mr. Barnato) sold his interest he knew it was certain that Unification would take place, though they had unfortunately to keep pace with the times. Mr. Rhodes had said that De Beer's would rise to 70, but unfortunately Mr. Rhodes' words had had more effect than he (Mr. Barnato) honestly believed he (Mr. Rhodes) intended them to have—and he (Mr Barnato) was certain that had Mr Rhodes' hands not been tied by the over-speculation and the action of the banks we should have never seen the market in the state it was. Time would show that every word Mr Rhodes uttered on the 31st March would come true and it was only to satisfy the feelings of the people that he had in a measure to modify his policy. When Mr Rhodes said he wanted to lease Dutoitspan at 4 per cent. it was that he did not wish to see that stock inflated on account of the amalgamation of the other mines—but as one largely interested in Dutoitspan he was prepared to see those mines come in on a fair and proper basis, but not an inflated value. Mr Rhodes had said that Dutoitspan produced a million a year. Well, on the production of a million last year he hardly believed that they made £30,000 profit. To produce a million, and only make that small amount of profit, must be ruin to everybody concerned in the industry, and Mr Rhodes was correct in saying that it was to the interest of all to have that mine leased—in fact it was their only sound and true policy. It might not be palatable to everyone interested, but it was nevertheless true, and it was the only way that the shareholders in Dutoitspan would receive any benefit. As he had pointed out the production of a million of pounds worth of diamonds had left no profit. Now had that amount been produced from Kimberley and De Beer's, the cost was about 8s a load to work; the average yield was 20s which left a balance of 12s; and as there was an unlimited quantity of blue, as Mr Rhodes had pointed out, that showed a profit, without injury to the industry, of £600,000 a year. Therefore he believed in extra liberal dealings with those in Dutoitspan and Bultfontein, and even if they had to lease them, say at £200,000 a year, that would give a profit and a very good one, to everybody concerned in that mine, and leave a balance of £400,000 to be distributed among those interested in the Consolidated Mines. Therefore he would repeat that the policy proposed was the only sound policy to be pursued. He was a very large shareholder in Dutoitspan—one of the largest individual shareholders—and he should only be too glad when that policy was carried out—in fact he believed that everybody in Dutoitspan would only be too glad to accept it. The last thing he had to refer to was that many people attributed the late panic to Mr Rhodes' speech—some to the promulgation of the Life Governor Scheme. Well, the real reason was over-speculation, and in addition to that the action of the banks. He was not afraid to say so, and he might perhaps be taken as somewhat of an authority, having a very large interest in the place. The banks used no discretion. When shares stood at £20 to £25 men of good standing were allowed to draw £20 to £25 upon them, but when the shares got up to £40 by reason of the large and legitimate profits made, the Banks by their action in largely reducing their advances for the time being made those valuable stocks useless. That was all in the course of a week. But fortunately there was sufficient capital in the place to meet all demands. He need say no more—perhaps he had already said a little more than he intended to say when he first got up, but when once he was on his feet—really he did not know when to stop. (Laughter, and hear, hear.) In conclusion he would move a vote of thanks to and confidence in the Chairman and directors for their able services.

Mr Van Beek seconded the motion which was carried unanimously.

The Chairman in thanking the meeting said he believed most distinctly and sincerely that his words about the value of De Beer's in the future would come true. (Hear, hear.)

This concluded the proceedings.

DE BEERS MINING COMPANY

LIMITED.

CONSOLIDATION OF DE BEERS INTERESTS.

IMPORTANT SPEECH BY MR. RHODES, M.L.A.

Kimberley:

W. ROPER, STEAM PRINTER.

1888.

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DE BEERS MINING COMPANY, LIMITED.

CONSOLIDATION OF DE BEERS INTERESTS.

IMPORTANT SPEECH BY MR. RHODES, M.L.A.

From "Diamond Fields Advertiser," Tuesday, April 3rd, 1888.

A special meeting of shareholders was held at the Company's Office, De Beer's, on Saturday afternoon, for the purpose of considering and confirming, or otherwise the provisional agreement entered into between the respective Boards for the amalgamation of this Company with De Beer's Consolidated Mines, Limited, and if such agreement be confirmed of providing for the liquidation of this Company. There were present: Messrs. C. J. Rhodes, M.L.A. (in the chair), H. E. Jacobs, E. Jacobs, J. Mylchreest, L. Frankenstein, A. E. Caldecott, R. Archibald, T. R. English, F. S. P. Stow, P. Dreyfus, F. Voelklein, W. A. Lippert, C. Ruping, C. van Beek, H. Crawford, B. H. Hart, R. Maguire, L. S. Jameson, J. H. Chisholm, F. H. Salamons, B. I. Barnato, H. J. King, G. Imroth, H. Robinow, S. Schwabacher, S. H. Coronel, L. Robinson, L. Albu, J. Wishart, W. H. Craven, S. Allkins, F. Hutchings, A. A. Rothschild, Michaelis, L. Lowenthal, A. Bayne, L. Breitmeyer, S. Bruch, H. W. J. Harris, R. Allen, J. Morrogh, C. E. Nind, A. Beit, T. Shiels, G. W. Compton, G. F. Williams, B. Lewis, T. Andrew, H. Cotty, J. Hinrichsen, P. Sim, L. Phillips, J. D. Archibald, R. E. Wallace, R. Jones, S. Bucher, Matthews, F. W. Felkin, G. M. Wylie, W. Hopley, and the following proxies:—E. T. Parkes, per L. Frankenstein; Kate Morrogh, per J. Morrogh; J. Hocking, per J. Polson; Sir Hercules Robinson, per C. J. Rhodes; E. F. Rhodes, per W. Pickering; W. G. Baker, per G. W. Compton; J. E. Gardner, per G. W. Compton; R. English, per T. R. English; J. E. Abrahams, per G. Imroth; P. Hardy, F. Oats, S. Hinrichsen, per R. Hinrichsen; J. D. Morrogh and F. M. Morrogh, per J. Morrogh; L. H. Goldschmidt, per A. Goldschmidt; G. J. Findlay, per T. R. English; F. M. P. Stow and H. M. P. Stow, per F. S. P. Stow; M. Joseph, per G. H. Bonas; R. F. M. Stow, W. Bolus, per F. S. P. Stow; I. Dreyfus, T. Albu, H. Mosenthal, G. Mosenthal, M. Salamons and J. W. Salamons, per P. Dreyfus; I. Robinson, per C. van Beek; A. Dunkelsbuhler, per G. Imroth; W. Gray, per A. Ramsay; C. D. Rudd, per C. E. Nind; L. Hoskyns, per C. E. Nind; H. W. M. Dunsmure, per C. E. Nind.

The Acting Secretary (Mr. W. Pickering) read the notice convening the meeting.

The Chairman said: Gentlemen, in putting this resolution to the meeting I might state that when I said to you last year that we had completed amalgamation in De Beer's Mine we really thought that we might rest from our labours. We had the whole of De Beer's Mine under our control; there were a few interests left, but we felt so perfectly sure that we should obtain them that we said to you, the shareholders of the De Beer's Mining Company, "The De Beer's Mine is amalgamated and our labours are done." We had what we believed to be the best paying mine of all the diamond mines—we firmly believed this, other statements to the contrary—and we felt as your Board that we were perfectly satisfied with the results of our labours. But a change came over the scene. We obtained new engineers and new managers, who pointed out to us a fact of which we had never thought, for they showed us that by a system of underground working there was practically no limit to our production. Our engineers (some of them the first in the world) stated that they could give us 8,000, 10,000, 12,000, even 15,000 loads a day, and we felt we were only just beginning diamond mining again. For the same engineers who told us this, also informed us that Kimberley Mine could yield the same result, could put out almost the same number of loads. It was a simple question of sinking shafts, continuing tiers of galleries one after the other—what might be called constructing one house under another—and the capacity of the output was practically unlimited. Well, as I have said, we felt that we had to begin our diamond mining again. What had we to face? One of two things; either an arrangement with Kimberley Mine; or the control of Kimberley Mine; otherwise so far as I was concerned, I should have sold my shares and gone home. I do not want, gentlemen, to enter into a long statement of what we did. But we approached the controlling powers in Kimberley Mine in every possible way that you could conceive. I valued De Beer's Mine at a great deal higher figure than they valued it; but I was willing to give way in everything, to accept market rates in order that we might obtain an amalgamation which meant control, which meant the saving of our industry. Gentlemen, I was met simply with smiles and the most obdurate statements. I was met by the judgment of the gentlemen in the street corner, who would never reason with me, never discuss details as to the value of the Kimberley Mine, but contented themselves by reiterating "Kimberley Mine! why it is worth three times what De Beer's is worth." Whenever I approached the question I was met with this solid, obdurate wall. What had we to choose between? Between the ruin of the diamond industry or the control of the Kimberley Mine. As I have said, I approached the Managing Direction of the Kimberley Mine in every way and form. At that time I may mention that I proposed to the controlling influence in Kimberley, as our variences were so extreme, that we should buy the balance of the Mine—the outside properties, the French and the West End—on joint account, but here again I was met with the same solid wall, and the only thing left was to purchase the control. You know

the story of my getting on board the steamer at Capetown, going home and buying the French Company within twenty-four hours, and the excitement caused thereby. But it was only the beginning of the matter. When we had bought it and placed a value on the French Company immediately the controlling spirits of Kimberley Mine declared it was worth more and competed against us; the process had to be gone over again and someone had to hurry back across the water, and once more deal with exactly the same facts. But to make a long story short; by fair discussion—and I say so whatever outsiders may contend—by fair discussion I was able to settle with the Kimberley Central, in so far as the French Company was concerned, and the settlement finally obtained by me was in a great measure due to the action of Mr. Barnato. But I only succeeded by using the following arguments:—I told them, you can go and offer £300,000 more than we do for the French, but we will offer another £300,000 on that; you can go on and bid for the benefit of the French shareholders *ad infinitum*, because (I said to them) we shall have it in the end, as we consider it is of vital importance to us that we should obtain the control of the Kimberley Mine. Well, we considered, and obtained an interest which represented a fifth of the control of Kimberley, but as soon as that was settled another point arose. No sooner had we got the French Company than the controlling influences of Kimberley Mine decided that it was a wise thing to take the Kimberley Mine home, put it under English capitalists at £1 shares on the London Stock Exchange, and run it against De Beer's. That was the scheme the Kimberley control or direction put forward. Just think of it. They were to run Kimberley against De Beer's. In the face of the fact that we both had engineers who stated that Kimberley Mine alone could yield an output of 20,000 loads per diem, and De Beer's could produce another 20,000, or 40,000 as the case might be, yet they would take Kimberley Mine Home, put it on the Stock Exchange, and run it against De Beer's. What would have been the result to your shares? I say that to-day they would have been below par. I want to explain to you that in the past it was all right, for Nature helped you. The reef fell in and stopped an unlimited output. But now, with the underground system it is merely a question of sinking shafts. As I have said, the output from Kimberley Mine can be 20,000 loads a day, and if such is the case then you can have an output of 40,000 loads a day from De Beer's Mine, which is double the size of Kimberley. Yet those gentlemen controlling Kimberley Mine were prepared to pursue that course. Well, this faced us. We now had the French, a fifth holding in the Mine, and what were we to do to prevent this policy being adopted? We had to do one of two things, either amalgamate or by purchase obtain the control of the Kimberley Mine. I offered the Kimberley direction market rates—five to four; that is, that Kimberley should obtain £2,500,000 and De Beer's should obtain £2,000,000 in scrip; or rather, as we held £500,000 in Kimberley Mine, De Beer's should obtain £2,500,000—the £500,000 representing the French in Kimberley—and the Kimberley Central should obtain £2,000,000. But I am only thankful to tell the De Beer's shareholders to-day that this proposal was rejected *in toto*. I want the De Beer's shareholders to understand that they would have been perfectly right had they summoned me before them and repudiated my action if such an arrangement had been accepted. But I was nervous about the Kimberley Mine being taken Home to form a separate existence, so I gave way and offered what I thought was twice the value of the property. Then I had to face this; I had to listen to the discussions of the "Corner" and their statements that Kimberley Mine was worth three of ours; and we had also been placed in this position, that they would not settle with us in any way or form. All we possessed was a fifth, but a fifth is a beginning; and after a good deal of consideration in which I must say Mr. Beit, of the firm of Messrs. Porges & Co., was of the most material assistance, we decided one morning that we would buy a sufficient number of Kimberley Centrals to give us control. That was a big undertaking and meant two or three millions of money. But we said—"If we only have the pluck to undertake it, we must succeed. Don't let us go to the shareholders. If we fail, they can only make us personally liable." I said at first:—"Where's the money to come from?" But Mr. Beit only said—"Oh! we will get the money if we only can buy the shares." (Laughter, and hear, hear). Without going into all the details, or claiming any credit, I want to show you the risks we have been through. You may have heard, gentlemen, of the quack surgeon who had acquired some celebrity in the operation of cutting for stone. When he was shown the different arteries which might be cut whilst performing so delicate an operation, he was so frightened that he never again operated. (Laughter.) In the same manner, gentlemen, in your speculations in De Beer's shares, you do not know the risks you have been through. It was not until we decided to buy a controlling interest in Kimberley Mine that we were safe. We had seen that the object of the controlling power in Kimberley was to take that mine Home, give it a separate existence, place it under big capitalists and run it against De Beer's, and we had to fight that—Mr. Beit and I. I really do not know where the money came from, but our proposals had the entire support of our Board, and fortunately we have a wealthy Board. Well, gentlemen, we bought one million pounds worth of Central shares. We bought wherever we could, and I am thankful to say that our Bankers and friends gave us the money. And while on this part of the subject I must refer personally to Messrs. Barnato Brothers. Mr. Barnato fought me tooth and nail. Wherever and whenever I bought shares he bought also—(laughter)—until finally we bought together. (Great Laughter,) I always found that he was buying against me, because he was infiltrated with this hobby. that the Kimberley Mine was worth two of De Beer's. But a very forunate thing occurred. As we bought shares we were strengthened by the thought that we had a united directorate, and an enthusiastic body of shareholders who were all increasing their holdings. I am glad to say that my opponent, on the other hand, found that as he bought up shares he was buying from his principal—his largest shareholders. (Laughter.) These are facts which cannot be denied, and I mention them because I want to put it to you how we won the battle. I went on making offers, but still he said "No, we consider Kimberley is worth three of De Beer's." (A Laugh.) When I came back from the Gold Fields, I met Mr. Barnato again. I said to him "Well, how are we getting on now?" He replied "Why, you've bought a million pounds' worth of Centrals." I said "Yes, and we'll buy another million pounds' worth. And now," I said further to him "I'll tell you what you will find out presently, and that is you'll be left alone in the Central Company." I told him we would make him one last offer, we would give him market rates for Centrals *versus* De Beer's. "And (he asked) if I don't take it what will happen?" I said to him "Here you have your leading shareholders patting you on the back and

backing you up, but selling out round the corner all the time." These are facts I can assure you, although Mr. Barnato may shake his head and smile. Gentlemen, I wish to explain all these matters, for it is better that they should be known to the public at once than that they should leak out in an imperfect and possibly inaccurate form afterwards. Well, Mr. Barnato settled the matter at last. He yielded finally, getting the current rate of shares on the day we settled. The liquidation accounts will prove that he only got the current price of shares in so far as De Beer's are concerned. But a most extraordinary thing has happened. Some people objected even to my giving Mr Barnato this price, and they asked why I did it. Why I did it, gentlemen, was to get control of the Kimberley Mine. Putting it roughly the settlement we obtained gave us a little over 11,000 shares out of 17,800 in the Kimberley Mine. I consider that means control of the Kimberley Mine, because in the Trust Deed of the Central Company, no change can be made without half the capital being present, and no resolution can be carried unless two-thirds of the capital declare in favour of it. I repeat, therefore, that settlement gave us the control of the Kimberley Mine; and I wish to say to those who happen to be Central shareholders that they must dismiss from their minds the idea that it is our desire in any way to unreasonably oppress the balance of the Central shareholders. We have secured control of the Kimberley Mine for a certain reason; but we do not desire that, after living in this country for sixteen years and raising the diamond industry to its present position—(Hear, hear, and applause)—that the direction of Kimberley Mine should have the power to choose to ruin the whole industry. That is a plain and candid statement. (Applause.) Our Engineer's information to us, I again repeat, is that it is possible for the Kimberley Mine alone to produce twice the diamonds that the world will take under any ill-regulated management that would or might have occurred. That risk, gentlemen, is dismissed, for we have control of the Kimberley Mine and we do not intend that such a thing shall occur. In reference to the balance of shareholders to whom I have alluded, I say to them—you still remain shareholders of the Kimberley Central Company, and I wish to assure you again that there is no desire on our part to do what might be termed an American "Corner." But we recognise that the majority of shareholders are with us. It is true that we have two-thirds of the shares, and the balance one-third, but it is to our advantage and to theirs that Kimberley Mine should be made as profitable as it possibly can, with due regard to the control of the production. Now, gentlemen, you might think it would be a wise course on my part to refrain from stating what I think the balance of the Kimberley Mine is worth compared with De Beer's. But it is, I think, far better that I should state what I think it is worth, so that shareholders can go home and discuss and consider my statements, challenging my figures and preparing to either accept or reject my proposals. At any rate it removes any doubt from their minds as to what my opinion is, and they will see that they have been thoroughly wrong if they entertained a belief that we in any way intended to oppress them: they will rather be convinced that we mean to work the mine fairly. I will premise my remarks by telling you that only the other day a large shareholder wrote out to one of my friends and said, "I hear you have settled the Kimberley Central on a basis of two De Beer's shares for one Central;" and he added, "May God forgive you, but I never can." (Great laughter.) Well, I will tell you what I think about it. If you will listen to what I call the "t lk of the corner," and will not listen to the reason of figures and results, but rather to people who will simply tell you that Kimberley Mine is worth three De Beer's, it would be useless for me to speak. But I will make you a statement about figures and values which you can criticise as you may, and say I am perfectly wrong, but it will represent what I think about it. We have late y worked on a system of figures published regularly in the public press, certified by the Secretaries and verified by a Committee investigating the different companies. From these figures we find that Kimberley Mine during the last three months has produced a little over a carat per load. Bear in mind I am referring to the Central Company, and this statement has been issued by the public press after all forms necessary for proper verification have been observed. The work of De Beer's Mine has also been regularly published, and shows production equal to a carat and a quarter. I will own that the Kimberley men say a certain amount of shale is mixed with their blue, so that on the whole we in De Beer's have been producing per load about as much as the Kimberley Central. Now I want to point out to old shareholders in the Central the fallacy that has made them arrive at that fallacious estimate of the value of Kimberley Mine as compared with De Beer's. They have often thought of the yield of the Barnato Block, and a little section in the Standard Block, but they have never thought what the 150 claims averaged. They never thought of putting down 2 carats a load for these smaller portions, and then reducing the average by the three-quarters of a carat per load yield of the South-East, the Rose Innes, and portions of the Central. But when you begin to work them out on each block, and on an average, you begin to see that the Mine which yields you a carat and a quarter per load, is a mine that yields you a very high rate indeed. I claim, therefore, that it should be remembered that we in De Beer's had not the benefit of these special advertisements of the Barnato, the British, and these little blocks which existed in Kimberley. When we appeared as one Company in De Beer's Mine we had merged into it every block and holding in the mine, and we therefore claim that an average production of a carat and a quarter is as high a yield as that of Kimberley. The engineers will tell you, as I tell you, that writing off one West-End against another (I am afraid these figures are rather dry, but I would like them to go forth to the public) Kimberley has no actual superiority over De Beer's as to production. Kimberley mine has 137 claims being worked in the good ground; De Beer's is working 285; and these two statements I will submit to any Board of Engineers. We will take one step further. The Capital of Kimberley Central is £1,429,000. Taking what we have received from the Central, and what we have issued for the French, they are pretty well on a par. Putting it roughly in figures, Kimberley has received in the estimation of the market capital to the extent of two millions of scrip at par. De Beer's has a capital, short of what is issued for the French, of £2,009,620. Therefore, taking things in a rough way, you may say that the capital issued to Kimberley and the capital issued for De Beer's are to-day about equal. I will tell you what I think about the value. I think if I can sustain the position that De Beer's has 285 workable claims, giving a carat and a quarter per load, and Kimberley has only 137 claims giving a carat and a quarter, (and I make that statement subject to the decision of arbitration), then I say that De Beer's is worth two of Kimberley. That is a question for subsequent discussion; it is my statement, that is all. (Applause.) And if I may go one step still further I will tell you that the day will come when a Kimberley

share will be worth £35 and a De Beer's share will be worth £70. (Applause.) Do not criticise me hastily; do not be angry, but rather thank me for making so frank a statement. Verify that statement by facts; and if it be true that Kimberley is only working 137 claims to De Beer's 285; if it be true that the capitals of the two mines are two millions sterling each, and the yield per load about equal, I hope you will frankly admit these truths. (Remember it is my statement, and if you ask me to say what I think the Kimberley Central is worth intrinsically as against De Beer's, I say that instead of adopting the statement of our friend, who was afraid we had settled on the basis of one Central against two De Beer's I believe the day will come when one De Beer's will be worth two Centrals, for the following reason. I have been arguing with you on intrinsic facts. You have got to add to these facts our position that we have two-thirds of the control of Kimberley mine; and this other important consideration that we have the control of portions of Dutoitspan and Bultfontein mines; we are the leading contingent. These are facts which have got to be weighed. Perhaps some of you are displeased with me that I should have referred to them, but it is far better to make these statements public. Criticise them in the press; maintain that I am wrong in my figures, but don't ask me to accept the statements of the gentlemen who say that Kimberley is worth three De Beer's and who won't argue on the basis of facts. Well, gentlemen, I have dealt with a very important aspect of the question. If you ask me for advice I say if you are a Central shareholder go out of this room and copy the example of that large shareholder in the Central who sold round the corner. (Laughter.) Let us pass from this part of the subject to the regulation of the industry after we settle with Kimberley mine, and we shall settle with it whether we obtain the balance of the shares or not. My proposition to obtain the balance I may say in passing will be either by purchase or the issue of De Beer's, but whether we settle with them or not it will take some time. That time, gentlemen, will help us with another factor, namely, the poorer mines; we have to deal with the fact of the poorer mines. I read a very good story the other day describing a class of mine which is very common in the mining world. "This mine," the writer says, "is just one of those mines that are too rich to leave and too poor to pay." I thought a good deal over that in connection with our poorer mines. If I said anything about them, more especially Dutoitspan, and in lesser degree Bultfontein, they would be described by me as too poor to pay and too rich to leave. They have to be considered as a producing factor, but as a paying factor they are nowhere. I think I am somewhat justified in my statement. There is nothing so extraordinary in mining as this You go on year after year holding scrip that never pays, but you think that something better will happen. It is your idea. True enough it has not paid this year, but next year who knows what might turn up. So it goes on year after year; and you get older and older, but you hold on to the hope that a change for the better will occur, and that some day your mine will pay. I will at once say, gentlemen, that as far as the amalgamation of the diamond industry is concerned, it is not going to assist the poorer mines. I want just to clear the clouds a little. Although we bought an interest in Bultfontein and Dutoitspan, it was not with any idea that they would give us a satisfactory return. We purchased these interests for the following reason:— During the short time I was at Home last year there was one thing I noticed, and that was this:— Whenever a good thing was bought out, fifty bad things were sure to follow. I saw perfectly well that as soon as the successful purchase of the French was effected through the agency of the House of Rothschild, some active minds from Home would put Dutoitspan and Bultfontein together and float them on a confiding English public at a number of millions—I would be afraid to mention the amount. (Laughter.) Well, the only way I saw out of that difficulty was to take such an interest in these poorer mines that we should render such a thing impossible. The view I took was this: A certain number of the investing public might be induced to put their money into some such scheme as I have hinted at; they would be sure to lose that money and discredit would thus be thrown on the whole diamond industry. I can support that statement with reference to Dutoitspan. I must deal with it very frankly. I have no doubt I am treading on the toes of a lot of my friends, but still I have got to fight the battle for De Beer's; I have also a public duty to state what I think about it. If my statements are wrong you can challenge them; but in my opinion a great deal has been lost in the past by not being franker on this and other questions affecting the diamond industry. I challenge any gentleman interested in Dutoitspan to tell me what he thinks about it. If he tells the truth he will say it has been a delusion and a snare; he has never had a dividend and things are getting worse and worse. Since 1881 Companies have been formed in Dutoitspan Mine, and I do not believe that for four or five years they ever paid a dividend at all. They had a capital, not of one or two millions, but of three millions sterling, and yet no dividend. In the returns of the Protection Board it is true they do appear, but they make so bad a show that it would be better if they did not appear at all. As far as I can remember they showed a miserable return of £30,000 per annum on a capital of about three millions! I may add that I think it was last year on a capital of £3,455,000, of the market value of £2,500,000 the declared dividends amounted to 38,000 sovereigns, and a great portion of these dividends was due to the marvellous genius of my friend Mr. Nind. (Laughter and applause.) Because if you strike the Griqualand West out what is left in Dutoitspan from a dividend-bearing point of view? I will leave that to the gentlemen in the market; I think they will tell me nothing at all is left. What I want to impress upon the gentlemen here is that Dutoitspan from a dividend-producing point of view is worth nothing. From a diamond-producing point of view we are prepared to deal with it. It may be said, "Well, we have bought in Dutoitspan on the strength of getting De Beer's scrip for our holdings." Why, gentlemen, do you think I would be fool enough to give English consols for Turkish bonds? ("No.") The terms as regards Dutoitspan will be as follows:—They can either go on their own wicked way if you like to call it so; piling up debt, allowing reef to fall into them, for that beautiful period has arrived in the history of their mining industry when the reef begins to fall. We could not deal with it with a carat and a half in Kimberley or a carat and a quarter in De Beer's, and how can you deal with the reef in Dutoitspan when the production is only at the rate of a fifth of a carat per load? Dutoitspan has arrived at the end of its history, and the end of its history is that the reef is going to flow steadily and gradually into it. Just take the history of perhaps the most "swagger" Dutoitspan Company—that is the Anglo-African. Take it, think of it; six years existence and never a dividend. Its claims 400 feet deep and the reef 400 feet high, and I hear the directors are going to pay a dividend of one per cent. on a

million of capital! And yet, gentlemen, that dividend will probably be its last. or very nearly its last. These are facts you cannot get away from. We all know they are facts, and although we may not like it, it is nevertheless time that they were frankly and fully stated. Dutoitspan has never paid a dividend of any importance compared to the value placed upon it. Its salvation rests in one thing; we are prepared to give it a lease because it is a producing factor; and I would point out to the shareholders in Dutoitspan Mine, that even if they get a four per cent lease on the present prices they will be getting something, but by the present system they get nothing. Take the Compagnie Francaise; take away the financial genius of Mr. Nind as applied to the Griqualand West, and consider such concerns as the British United, what do they produce? Does that late formation of the Gordon with the Central Dorstfontein give you anything? Gentlemen, the ship may have been repainted, but the timbers are still rotten, and reconstruction is without avail. You know it, all of you, and what I wish to do this afternoon is to point out to English shareholders that Dutoitspan except under a lease from us cannot succeed, because the time has arrived for the falling of the reef. In its best days and without reef falls it never paid; how then can it pay in the future? These are my views about Dutoitspan. But there is prejudice coming in the way. I can tell you rather an amusing story. Some little time ago the estimable gentleman who governs the London & South African Exploration Company came on our Board—I refer to Mr. Posno—I think he is Chairman of the Company I have named and also of about ten or a dozen Dutoitspan Companies. His usual statement relative to these mining companies has been that no dividend could be declared; that they must borrow some more money for new work; but he waits on, and trusts in amalgamation. But just see what custom does. He came to our company and only remained with us six months. You see we paid regular dividends and it was too much for him—he resigned! (Great laughter.) Now there is one other mine I would say something about—that is Bultfontein Mine. I would describe that as a mine that is on the margin of cultivation. What I mean is, that if present prices continue, and the reef remains up, it can pay something; but if diamonds fall, and the reef falls, it will pay nothing. Dutoitspan I dismiss from the category, for even with the reef up, and diamonds at a good price, the experience of the past six years proves that it cannot pay. But in reference to Bultfontein, I repeat with the reef remaining up and a fair price for diamonds obtainable, it can yield a return. And I must say there is no man who has more effectually kept up the value of Bultfontein than the gentleman who manages the Bultfontein Mining Company—I refer to Mr. Davis. (Applause.) He is a gentleman who spends his whole life in the interests af that Company: his whole thoughts are concentrated upon it, and he is so loyal to his charge that I think the public sometimes estimate it as a little above its intrinsic value. (A laugh.) But without going into personal details, I wish to put this fact before you. If Bultfontein yields one-third of a carat to the load and the reef does not fall, you get a return, because its diamonds sell for about the same rate as ours—on the basis of £1 per carat. Well, you get a return of about 6s. 6d. per load, and if you work at a cost of 4s. 6d. per load there is a profit of 2s. These are facts which I am putting before you. But then look at the future; how dreadful it is! I think at any rate I can appeal to you on this basis. If the reef has fallen in Kimberley, in spite of an expenditure of two and a half millions sterling; if we cannot deal with reef falls in De Beer's, after being burned to the extent of £500,000 in the attempt to deal with them, and if the reef is beginning to give serious trouble in Dutoitspan, has Nature made any difference in Bultfontein? Has Nature made some extraordinary change in that mine by which it will be peculiarly favoured. No, gentlemen; the same thing that occurred with us must occur with them. And then what takes place? Directly you have the reef falling, the profit goes. You cannot undertake an underground system, because an underground system costs 8s., and at £1 per carat you have a distinct loss. At £1 per carat the richer mines can make a higher profit than anything you can conceive they have done in the past. What chance is there of an underground system? None. Have you ever gone and looked at the reef work in Bultfontein Mine? If reminds me vividly of a mountain pass, with a scarped road which just shows you the reflection of the huge mass that remains behind. That is Bultfontein Mine. If you look at it with an unprejudiced eye and a fair mind you will see the work that has been done; but it reminds me of a mountain pass with a little tiny road scraping its way up, and the huge mass of the mountain in reflection. That is what reef work means as far as Bultfontein Mine is concerned. What is to be its future? Simply this: if it does not accept a lease from us, that reef must fall. You may create debentures, establish reserve funds, alter names—(a laugh)—but Nature interferes with your work and the period must come when the reef begins to fall, and fall increasingly. And I can speak the more sensitively on this point, because my shareholders must again ask me: Why did you go and take an interest in the Consolidated? I say again, we riddled Bultfontein Mine to prevent formation at Home. I consider the Consolidated a good property; for two or three years it will be very good; it will be able to pay its 16 per cent., and I do not think the rate at which it was floated excessive. We are prepared at any moment when the reef falls to give it a lease, but if it does not take a lease there is a limit to its existence. Anyone who has been digging for years sees that. You might ask me about the balance of Bultfontein Mine, and all I have to say is, it is not worth asking about. (A laugh.) Take King & Propper, with the reef 300 feet high, and the others all hopeless contingents and the reef bound to fall. There is nothing more painful to contemplate than the struggle to effect impossibilities, or a second Hercules striving to clean out the Augean stable. Those gears will go on working; the reef will fall into the claims, bad ground will also fall, but the Shareholders will still continue hoping against hope. I own, I say, that that mine is on the margin of cultivation, and if the reef keeps up, and diamonds remain at a fair price, it will pay a dividend; but if diamonds fall—collapse! Take the point that if diamonds fall. I should like to make an announcement. Probably you have never thought out this fact. It has been generally supposed that if the richer mines agreed to lower the price of diamonds they would, use a vulgar phrase, "cut off their nose to spite their face"; that is, although they rendered the poorer mines non-payable they could pay no dividends themselves. If you will listen to my figures, I think I will prove to you that even an enormous fall in the price of diamonds would not affect the richer mines so far as their dividend paying capacity is concerned. It is not very possible for De Beer's to make a much larger output until September, by which time I hope the poorer mines will have come to reason. I wish to put before you figures, in order to show you, as I have said, that an enormous fall in the price of diamonds will not affect our dividends. Take

that we produce with Kimberley 9,000 loads a day. Now, you will allow me a carat and a quarter per load; that will give me 11,000 carats. Take the price which at Dutoitspan would simply mean collapse, and at Bultfontein also—fourteen shillings per carat. Now at 14s. per carat, producing 9,000 loads per diem, yielding 11,000 carats, only claiming a carat and a quarter per load, we should obtain £7,700 per diem, which would cost us 8s. per load (our return of the cost of work), not counting savings that may occur in the future; the cost would therefore be £3,600 per diem and we should therefore make a daily profit of £4,000, or £1,200,000 per annum of our three hundred working days. That would yield a larger dividend than we are actually paying at present. What I want to show you is that the poorer mines, if they beard us, and do not assist in the regulation of production, would simply collapse if diamonds went down to fourteen shillings, whereas we can work at fourteen shillings and still pay our present dividends. I want you to think it over; see if my statements are correct or incorrect; see if we can work at 14s. per carat and continue to pay dividends. My proposition to shareholders in the poorer mines is "Go home and think it over and then induce your directors to take a lease." That lease will be a preferent charge on the whole of our property and will be as good to you as debentures. And you will get more out of that lease as shareholders than ever you got as shareholders without a lease. (Applause.) That, gentlemen, is the second position as to the poorer mines. It will take some time; for there are always directors in these companies who have little interests that have to be settled. (A laugh.) I do not know if they will take it at once. But I have the satisfaction of knowing and of saying that we have got a considerable control in these poorer mines. Remember always that we are working from a De Beer's point of view. I hope no gentleman will be annoyed at my statements for I tell you frankly I am working for De Beer's, and they are made by me as a De Beer's owner; they are reasonable statements and cannot be contradicted. We have, therefore, as I have explained the poorer mines to deal with and it might be asked—is there anything left? Well, I don't think there is. There are some "sports" in the market, there are some "outside mines." Gentlemen, they were once to me what I might call spectres of the night. I have been through the excitements of their discovery so often that I cannot describe them in any other way than by saying they are just like the marionettes in the Punch and Judy Show (laughter). They come up at regular intervals; they have periodical marvellous wash-ups—mind you I am not reflecting on the directors—hear, hear, and laughter)—but you must remember that any shareholder can ride out and "chuck" in fifty carats without either manager or director or anybody else knowing anything about it. I have been through it all for six years—I shall not mention names, for if I mentioned one of them I should be challenged in the street. (Laughter.) But apart from these arguments I will point out this fact to you. This industry has not been situated in a country like Australia. It is not a country where one man is the owner of a hundred miles square of land, perhaps with just two or three white overseers to look over it. This is a country split up into 3,000 morgen farms, with the little herd-boy wandering with his sheep over every acre, sitting down playing with the pebbles on the kopjes, and told by his master to look out for pretty stones. It has been most marvellously prospected. What has been the result? I can state the result without fear of contradiction. I was up here in 1871 when all these mines were opened; for though I am perhaps younger than most of you I began very early. Within about six weeks these mines, as well as Koffyfontein and Jagersfontein and even that wretched mine of my good friend Mr. Paton, who lives on the Hartz River, called Jantje's Kopje, were all found together. Though we have been for twenty years fossicking, prospecting and sinking, we have never found anything fresh. I therefore draw a fair conclusion that in diamond mines the diamonds were thrown to the top, and with the denudation caused by the rain they were exposed to view; glittering on the surface—there were a few more on the surface than you find underneath. Any way I have this fact in my favour, that nothing has been found in them since the first development of our diamond mines. I must not leave out two of them—Klipfontein and Koffyfontein. Doubtless some gentlemen will feel antagonistic at my mentioning them in this connection, but I ask you what can eightpence per load do? It is true, the Klipfontein gentlemen were excessively indignant with me when I mentioned it disparagingly at our last special meeting, but we find now they have suspended operations and are sinking a shaft. That is re-construction—or re-painting if you like. (Laughter.) Whenever you find gentlemen suspending operations and searching for more payable ground, you may know that something is up—I am sorry to say that two of my directors are on it. (Laughter.) I suppose they have lost their money but they are sinking a shaft in the hope of finding it again. (Laughter.) Just let me give you a case, only for your information, and I ask you not to throw your money away. Look at Koffyfontein, floated with a capital of £250,000 —why not half-a-million, for it always sounds better? (Laughter.) Well, its yield is about eight pence per load, and I ask how can you make it pay? What shall we have? Why the parsons, the orphans, and the widows going into it, machinery erected, returns published that so many feet deeper it will pay. Then will come the inevitable collapse, liquidation, the final winding up; but it will break out again at some future date; the whole thing will make its appearance once more just like the marionettes in a Punch and Judy show. I have shown you that the real essence of the case is this. If you have two rich mines giving you a carat and a quarter per load working together in co-operation and not in antagonism—that is the point—and having arrived at the principle of the underground system, not burdened with a continuous fall of reef, the fate of the poorer mines lies in their hands, because singly the richer mines can yield double what the market will take from them and collectively they can produce four times that amount. I have shown you that even at the low rate of 14s. per carat, which I hope we are not coming to, we can pay to our shareholders dividends that will satisfy them. We have no intention of keeping a huge amount of rich soil uncultivated for the benefit of the poorer land on the margin of cultivation. But the poorer land on the margin of cultivation has to do one of two things—to fight us for a short period or to take our terms. These gentlemen, are the main facts. It is for you to consider which policy is the wiser. I have stated facts as they exist, and I believe with the control we have in these poorer mines the wiser course will be to do as we propose. What we of De Beer's mean to do is simply to exemplify that famous story of Mr. Chamberlain and his screws. He manufactured a certain class of screws, and there were a few others who could make the same kind of screws at a loss, but at a price which would yield him profit. He made them fair offers and they accepted his terms rather than work at a loss in competition with him; and all I hope is that the poorer mines will accept ours.

If they do not there may be a period of antagonism—on the most friendly basis—but we are bound to win, gentlemen, if we get your support as De Beer's shareholders. But what I grudge is to throw away on these poorer mines, as I put it before to you, good De Beer's scrip, giving them, as it were, English Consols for Turkish bonds. As far as I am concerned, I decline to do it. The summary of the situation is somewhat as follows: We who are your directors possess the whole of De Beer's Mine. We possess between 10,000 and 11,000 shares out of 17,000 shares of the interest represented in Kimberley Mine. We possess further what you might call the controlling interest, including the interest which the Central possesses, in Dutoitspan and Bultfontein. If you accept the new proposition we have made to you we shall have a capital under £3,100,000, which we do not intend to increase unless we cannot help it. So far as the balance of Kimberley Mine is concerned we shall do one of two things. We shall offer them as they learn experience by time—because time is a marvellous educator, one De Beer's share for two Centrals; that is £70 for a De Beer's, for of course they will reach £70—we know that—and £35 for a Central—for we shall buy them at £35. It will occur, and there is no use saying it won't, because that is equal to two to one, seeing that De Beer's has an equal capital to that of Kimberley Mine, but has double the number of claims and an equal yield. That is our proposed settlement of the Kimberley question. It will take time; there will perhaps be a little friction at times, but it will all come right in the end. With reference to the second part of the proposition, before I go to it I wish to say that we have incurred a debt, in connection with absorption of Kimberley shares, giving us the controlling influence of about a million sterling, and with our previous debt we shall owe about a million and a half. We had assurances that we should obtain the money at about five per cent., so that it will cost us about £75,000 a-year. We hope, gentlemen, to save that by a diminution in the cost of labour, by improved methods of treatment of blue ground on the floors, and by improvement in the mine such as pumping with Cornish pumps, mechanical haulage, and second pans to our washing machines. In short I feel I can state without fear of contradiction that the interest on our debentures will be wiped out by our savings in cost of working. (Applause.) Therefore, gentlemen, in dealing with the captital in which you are interested you may fairly say that the capital of the four mines will be £3,100,000, if Kimberley does not take our terms, and if it does, the capital will be £3,400,000. In the former case our debentures, instead of being a million and a half, will be slightly more. And, thirdly, the poorer mines will be dealt with by a lease, a lease for Dutoitspan and a lease for Bultfontein. This lease you must remember will never appear in your capital account. When you are buying a De Beer's share you will say "What is the capital?" and you will find it £3,400,000. There will be a lease connected with Dutoitspan and Bultfontein, and they will be self-supporting; you will never notice it because you will get enough out of them when regulation of production is secured to make that lease self-supporting. Gentlemen, in putting these proposals before you I must ask you to judge us by the past, and think whether we shall be successful in the futre. (Applause.) Of course the speech I have made exposes me to endless criticism and contradiction, but I shall not challenge that contradiction under three years or at least two years. If you asked me to challenge it to-morrow I would say, "Certainly not." Let gentlemen waste time and pen and ink in proving that I am utterly wrong. I am quite willing to wait, for if I could only get into the secret hearts of people they would be proved to be already admitting to themselves that I am perfectly right. (Applause.) But of course there are people who won't admit that openly, because they have a few shares in this, and a few in that, and they say, "We want to make things right before we come in." (Laughter.) Now gentlemen, there is another point I wish to put before you, and that is the point of speculation. A great deal is being said about the enormous rise in De Beer's shares—rather beyond their value. I have explained to you that the capital of the four mines is only £3,100,000, or at the outside £3,400,000. I have shown you how we propose to deal with the whole industry, and I have described what might be called our patent. Patents, you know are so simple that when they are explained to you you cannot help laughing. Well, it is our patent. You ask "Is there any chance of a rise?" and you will be told "Certainly if you have been speculating properly in the past." What has happened lately? You think there has been a rise of De Beer's shares. Yes, a nominal rise, but actually there has been no rise in value. Look at the last few days. It is true that De Beer's rose from £40 to £47, on a capital of two millions—about £1,400,000; and that Centrals went down; there was in fact a complete somersault. If you watched the somersault you would find that De Beer's simply took from the Central what they possessed. (Hear, hear.) They have not yet received the profit from the monopoly that is to come. I put my figures thus:—Centrals at £100 per share loss on a capital of £1,785,000—because you must take in what we hold,—have lost £1,785,000 and De Beer's with a rise of £7 on two million pounds worth of shares have gained only £1,400,000 so that as far as the diamond industry is concerned, it has not received the rise due on the completion of the scheme. But what I wish to put before you by way of counteracting that state of affairs is the patent we profess to possess. I do not think even a strong Central shareholder, or the gentleman who sits there with the flower in his coat, and who represents Dutoitspan Mine, will blame us if by means of our patent we seek to acquire everything for De Beer's and are likely to succeed. And I think we shall win on that basis and "to the victors be the spoils." (Hear, hear.) I have explained that our scheme rests on a low capital, and that in dealing with the balance, it must either be by purchase or a lease. I say again, gentlemen, I think we shall be successful in what we propose to-day. I will own to you that we who are your directors have been through rather serious times, and we have done many things that perhaps the strictest judgment of a legal mind would contend were not entirely within the scope of the Trust Deed. If times had been bad I have no doubt those gentlemen who are pleased that we raised their £10 shares to £46 would have been equally displeased with us. I assure you, gentlemen, I do not wish to take that risk any further. We propose re-construction, which gives us power to deal with the entire amalgamation of the diamond mining industry. It rests with you whether you will follow us in the course we desire to pursue. Let me say to those who may dissent—"Think with a certain amount of satisfaction that we have raised your shares from £10 to £46." I do not wish to expatiate on the exertions of the directors or on the fact which you well know in the market that we have worked, every one of us, from first to last for the exaltation of De Beer's shareholders. If there are any who dissent from the course we are about to pursue, I would ask them to be content with

a silent dissent. It is for them to claim the privileges of the arbitration clause if they wish to do so. Those who do not care to follow us in our course of re-construction can claim from us to be paid out in cash, and that payment in cash means a rise in the par value of the Company from a value of only about £15 four months ago to a value to-day of £46. I say to those gentlemen—"Take your cash; retire from following our banner." But if there are those amongst you who recognise that in a very short time we have raised you from £10 to £46, I ask them to have confidence in us, for we intend still to continue with them. If we have their confidence we think we can even double that price. (Applause.) We ask your confidence and your support to-day. I do think you will agree with us if we say you know perfectly well that on our Board we possess such wealth that we might well rest satisfied with our past work. But if we receive your confidence we are prepared to continue as the directors of your Company, for our ambition is to make it the richest, the greatest, and the most powerful Company the world has ever seen. (Applause.)

The Secretary then read the following letter:—

"De Beer's Consolidated Mine, Ltd.,

"Kimberley, 14th March, 1888.

"To the Chairman and Directors of the De Beer's Mining Company, Limited.

"GENTLEMEN,—This Company is formed with a nominal capital of £100,000, of which £10,000 has been called up on the basis of the Trust Deed, which is open for your inspection if desired by you. The Company is possessed of claim property in your mine, and has made a provisional agreement for the acquisition of large interests in the Kimberley Mine. The primary object of the Company, as its title discloses, is the consolidation of the diamond mining interests, and in pursuance of that object I am instructed by my directors to propose to your Company that you should amalgamate with us on the following terms:—This Company to take over all the assets and liabilities of the Company, nothing excepted, and to arrange with your debenture holders and satisfy your creditors: in return for which you are to receive two fully paid-up £5 shares in this Company for every £10 fully paid-up share in yours; such shares to be issued and delivered to you immediately after my directors have completed arrangements for the satisfaction of your debenture holders, which they guarantee not to be later than the 1st day of August, 1888. This agreement or amalgamation to come into effect on and after Monday, the 2nd of April, 1888, but you shall not be bound to give this Company formal transfer of your claim and other property until the issue and delivery to you of the abovementioned shares. Pending such transfer the claim and other property of your Company to be worked and managed for the benefit of this Company in such manner and under such arrangements as the two Boards may hereafter agree upon.

All contracts, agreements, and other legal responsibilities of your Company as existing on the the 2nd April next to be taken over in their entirety by this Company.

This arrangement of course will not interfere with the declaration by your Board of a final dividend for the year ending 31st March, 1888.

Should you accept the proposals herein contained, then with its own and your interest in Kimberley Mine this Company will possess a controlling influence in that mine, which my directors feel confident will at no distant date lead to a complete fusion of the diamond mining interests here.

I remain, yours faithfully,

W. H. CRAVEN,

Acting Secretary."

Mr. Hinrichsen: I was presiding at the meeting when this letter was placed before them, and that being so I think it is my privilege to move the resolution following:—

"That an amalgamation of this Company with the De Beer's Consolidated Mines, Limited, be effected on the terms set out in the letter from the Secretary of the De Beer's Consolidated Mines, Limited, to the directors of this Company, dated the 14th day of March, 1888; and that the directors of this Company be and they are hereby authorised to adopt the terms of the said letter and to carry the same into effect with such modification as they may think fit in the interests of this Company; and further that the amalgamation hereby agreed to be made shall take effect as from the 1st day of April, 1888, and pending the completion of the transfer of the property of this Company to the De Beer's Consolidated Company, Limited, the trustees of this Company shall stand possessed of the said property and the directors of this Company shall carry on the business of this Company in trust and for the benefit of the De Beer's Consolidated Mines, Limited."

Mr. Hyam Abrahams seconded the resolution, which was carried unanimously.

Mr. Dreyfus moved:—

"That immediately upon the completion of the amalgamation with and the transfer of the property of the Company to the De Beer's Consolidated Mines, Limited, this Company be wound up voluntarily and that the directors of this Company be and they are hereby appointed liquidators for the purpose of such winding up."

Mr. F. S. P. Stow seconded the resolution, which was agreed to unanimously.

Mr. Schwabacher moved:

"That the trustees of this Company be and they are hereby authorised to sign the Articles of Association of the De Beer's Consolidated Mines (Limited)."

Mr. A. A. Rothschild seconded the resolution, which was agreed to unanimously.

Mr. Robinow: After the resolution just passed the De Beer's Company will go into liquidation; but we should not dissolve without tendering our hearty thanks to the directors—especially to the Chairman, but to the whole Board of Directors. It is impossible for the shareholders of such a Company as this, after what has been done, and the way the Company has been managed by the directors, to allow the Company to go into liquidation without passing a vote of confidence and thanks, and to vote them a substantial sum as remuneration for their services. But I think I should meet with the approval of all the gentlemen here and of all the shareholders, if I propose that we especially show our appreciation of the services of the Chairman and the gentlemen who have so ably assisted him if I propose that we should offer them a substantial bonus. I may especially mention the names of Mr. Stow and Mr. Beit, who have always rendered the greatest possible assistance. I propose a bonus of 10,000 guineas to the Chairman, and 5,000 guineas to the Board of Directors. I think that will meet with the approval of all the shareholders. (Applause.)

The Chairman: I don't want you to vote on that proposition at all. As far as I am

concerned I do not care about any of these bonuses, and I don't think my co-directors do. We have had enormous work—more work than you can conceive. But we have beaten them all round, and I should not like to think that that was remunerated by the fact that any mere globular sum has been paid. Every man has his own pleasure. My pleasure has been in beating them all round, and I want no sums of money. (Applause.) I am far better pleased by the unanimous vote of thanks you have given me than by any sum of money you could offer me. (Applause.)

Mr. Hinrichsen said, in response to the vote of 5,000 guineas, that he thought the best reward, as Mr. Rhodes had pointed out, was the success which had attended the efforts of the directors, who all had the interests of the Company at heart, and really that was the great safeguard to shareholders. It was no good voting them 5,000 guineas or 10,000 guineas. The approval of the shareholders and the prosperous condition of the Company were sufficient reward. He must thankfully decline the sum offered.

Mr. Stow said he was no longer a director, but he thanked them very much for the handsome vote—on suggestion thrown out by Mr. Robinow to that effect. He could only thoroughly endorse the remarks that had fallen from their worthy Chairman. The best testimonial they could give to the directors was the same support in the future which they had given in the past.

The Chairman said he had been thanked sufficiently, but there was one gentleman to whom thanks were due perhaps more than to any for the success of the Company—that was Mr. Beit. He could assure them he could not have succeeded so well in his undertakings if it had not been for Mr. Beit; for at the present moment they owed the firm he represented £250,000, which sum Mr. Beit had paid out of his own pocket for Central shares, although he had declined to charge either commission or interest. Mr. Beit was inspired with the same loyal feeling to the Company, and he would propose a vote of thanks to him.

The vote was passed amidst applause.

Mr. Beit thanked the Chairman for the kind words he had uttered, and the shareholders for the vote they had accorded him. The interest he had shown and the steps he had taken were in a measure of a selfish nature—nothing else but self-preservation. When he saw the necessity and desirability of getting that control in the Kimberley mine he put his whole heart into it, and after a while it got to be a matter of sport, and then he went into it still more heartily. He must say he had gone as far as he could in forwarding these negociations. He had done it for his own interest and for the interest of the other shareholders in De Beer's, and if they had reached that day to the height of their ambition he would certainly desire to congratulate himself as much as the shareholders on the successful issue of all their efforts. He thanked them very much.

The Chairman: I beg also to announce that the Company will pay ten per cent. this quarter. (Loud cheers.)

A vote of thanks to the chair (proposed by Mr. B. H. Hart) brought the meeting to a conclusion.